

STAFF REPORT*CITY OF OCEANSIDE*

DATE: May 3, 2006

TO: Honorable Mayor and City Council Members

FROM: Public Works Department

SUBJECT: **ADOPT TWO RESOLUTIONS ADJUSTING THE 596 GOLF CIP FUND SURCHARGE AND GOLF CART RATES AT THE OCEANSIDE MUNICIPAL GOLF COURSE FOR 2006**

SYNOPSIS

Staff recommends that City Council adopt a resolution adjusting the 596 Golf Capital Improvement Program (CIP) Fund surcharge, and adopt a resolution adjusting golf cart rates for the Oceanside Municipal Golf Course for 2006.

BACKGROUND

In 1982, the City leased the operation of the Oceanside Municipal Golf Course to American Golf Corporation (AGC). The Second Amendment, Section 4, to the Master Lease Agreement with AGC provides for an annual rate adjustment that is based on the percentage change in the Consumer Price Index Semiannual All Urban Consumers San Diego County (CPI/SD) with the annual adjustments made in increments of \$.25 for nine-hole fees and \$.50 for 18-hole fees. Additionally, AGC may request a rate adjustment, in which rate changes will be based on comparing rates with similar municipal operations. This year AGC has declined to increase all the rates at the Municipal Golf Course pursuant to the CPI/SD and are requesting rate adjustment only for the golf cart fee rate.

In addition, working toward the goals and objectives of the Capital Improvement Plan (Master Plan) for the Oceanside Municipal Golf Course, it was determined by the Golf Committee, staff and AGC that an increase in the CIP surcharge rate would allow more projects to be completed.

ANALYSIS

The proposed rates shown in Exhibit A are based on the requested increase for golf cart rates and the recommended CIP surcharge rate increase. The proposed rate increase for this year is a request by AGC to increase cart fees only and was supported by the Golf Committee. The Golf Committee, staff and AGC have also determined that an increase in the CIP surcharge would benefit the golf course and the proposed projects.

Historically rate increases have been a function of the CPI/SD rate adjustment set forth within the Second Amendment to the Master Lease Agreement. This year AGC has

determined that the current green fee rates are competitive within the area market but the cart fees have not kept pace and need to be increased. The requested \$1.00 increase is moderate and will allow for the golf course to continue being competitive. The increase affects the resident 18-hole, the non-resident 18-hole and the twilight golf cart fee. The resident 18-hole cart fee rate will increase \$1.00 to \$10.75 per rider, the non-resident 18-hole cart fee rate will increase \$1.00 to \$12.00 per rider and the twilight cart fee will increase \$1.00 to \$8.25 per rider. The proposed rates have been posted at the golf course since April 5, 2006, and will be effective May 3, 2006, through January 1, 2007.

In addition to the cart fee increase, the Golf Committee, staff and AGC have determined that an increase in the 596 Golf CIP Fund surcharge would be beneficial to the Oceanside Municipal Golf Course and the proposed Golf CIP projects. Currently customers to the golf course pay a CIP surcharge in addition to their green fee which is deposited directly into the 596 Golf CIP fund. Players pay a \$0.50 surcharge for 18 holes and \$0.25 for 9 holes. The proposed increase would double the surcharge that players currently pay in addition to their green fee. The proposed surcharge increase would be \$1.00 for 18-holes and \$.50 for 9 holes. On the average, the 596 Golf CIP fund realizes approximately \$40,000 from the CIP surcharge fee. The proposed increase would double revenue annually and would assist in the funding of the proposed improvements for the Oceanside Municipal Golf Course.

FISCAL IMPACT

Based on rounds played last year, staff estimates that the proposed cart rate will increase annual golf course revenue by approximately \$31,735. The City will receive 30 per cent of the increase. The 596 Golf CIP Fund surcharge increase will contribute approximately \$80,000 annually.

COMMISSION OR COMMITTEE REPORT

The Parks and Recreation Commission approved this item at their regularly scheduled meeting on April 13, 2006. The proposed rates, posted at the golf course since April 5, 2006, will be effective May 3, 2006, through January 1, 2007.

CITY ATTORNEY ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that City Council adopt a resolution adjusting the 596 Golf Capital Improvement Program (CIP) Fund surcharge, and adopt a resolution adjusting golf cart rates for the Oceanside Municipal Golf Course for 2006.

PREPARED BY:

SUBMITTED BY:



Nathan Mertz
Management Analyst
Parks Development Coordinator



Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Assistant to the City Manager

Peter Weiss, Public Works Director

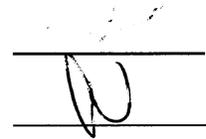


Exhibit A

EXHIBIT A

**RECOMMENDED MUNICIPAL GOLF CIP SURCHARGE RATES FOR
May 3, 2006 through January 1, 2007**

596 Golf CIP Fund Surcharge

18 holes	\$0.50	\$1.00	\$0.50
9 holes	\$0.25	\$0.50	\$0.25

**RECOMMENDED MUNICIPAL GOLF COURSE CART RATES FOR
May 3, 2006 through January 1, 2007**

<u>Cart Fee</u>	<u>Current Rates</u>	<u>Recommended Rates</u>	<u>Change</u>
18 hole Resident	\$9.75	\$10.75	\$1.00
18 hole Non-Resident	\$11.00	\$12.00	\$1.00
Twilight	\$7.25	\$8.25	\$1.00

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE APPROVING THE 596 GOLF CIP FUND SURCHARGE RATE INCREASE AT THE OCEANSIDE MUNICIPAL GOLF COURSE

WHEREAS, working toward the goals and objectives of the Capital Improvement Plan for the Oceanside Municipal Golf Course, the Golf Committee and Parks and Recreation Commission recommended an increase to the 596 Golf CIP Fund Surcharge Rate.

WHEREAS, the Recommended 596 Golf CIP Fund Surcharge Rates for May 3, 2006, through January 1, 2007, are attached herein as Exhibit 1.

NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. the Recommended 596 Golf CIP Fund Surcharge Rates for May 3, 2006 through January 1, 2007, are approved.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2006, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

CITY CLERK


CITY ATTORNEY

EXHIBIT 1

**RECOMMENDED MUNICIPAL GOLF CIP SURCHARGE RATES FOR
May 3, 2006 through January 1, 2007**

<u>596 Golf CIP Fund Surcharge</u>	<u>Current Rates</u>	<u>Recommended Rates</u>	<u>Change</u>
18 holes	\$0.50	\$1.00	\$0.50
9 holes	\$0.25	\$0.50	\$0.25

1 RESOLUTION NO.

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE APPROVING THE GOLF CART FEE RATE
4 INCREASE AT THE OCEANSIDE MUNICIPAL GOLF COURSE

5 WHEREAS, the lease Agreement with American Golf Corporation (AGC) for the
6 operation of the municipal golf course provides for a yearly rate adjustment at the request of
7 AGC in which rate changes will be based on comparing rates with similar municipal
8 operations.

9 WHEREAS, AGC has recommended a rate adjustment to the Municipal Golf Course
10 Golf Cart Fee Rates to begin May 3, 2006, through January 1, 2007, which is attached herein as
11 Exhibit 1.

12 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

13 SECTION 1. The Recommended Municipal Golf Course Golf Cart Fee Rates for May
14 3, 2006 through January 1, 2007, are approved.

15 PASSED AND ADOPTED by the City Council of the City of Oceanside, California,
16 this _____ day of _____, 2006, by the following vote:

17 AYES:

18 NAYS:

19 ABSENT:

20 ABSTAIN:

21
22 MAYOR OF THE CITY OF OCEANSIDE

23
24 ATTEST:

25 APPROVED AS TO FORM:

26 _____
27 CITY CLERK

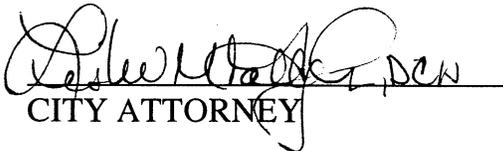
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CITY ATTORNEY

EXHIBIT 1

**RECOMMENDED MUNICIPAL GOLF COURSE CART RATES FOR
May 3, 2006 through January 1, 2007**

<u>Cart Fee</u>	<u>Current Rates</u>	<u>Recommended Rates</u>	<u>Change</u>
18 hole Resident	\$9.75	\$10.75	\$1.00
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Twilight	\$7.25	\$8.25	\$1.00