

# STAFF REPORT



ITEM NO. 13  
CITY OF OCEANSIDE

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DATE: July 2, 2008  
TO: Honorable Mayor and City Councilmembers  
FROM: Economic & Community Development Department  
SUBJECT: **APPROVAL OF A RATE INCREASE AT THE OCEANSIDE MUNICIPAL GOLF COURSE**

## **SYNOPSIS**

Staff recommends that the City Council adopt a resolution approving increases to the green fees charged at the Oceanside Municipal Golf Course in amounts between \$1.00 and \$3.00 per round, including a water and fuel surcharge.

## **BACKGROUND**

In 1970 the Oceanside Municipal Golf Course ("Golf Course"), an 18-hole regulation length public golf course, was opened. After a number of years in operation, the Golf Course was leased to and operated by American Golf Corporation ("AGC") from July 1, 1982 through June 30, 2007. Over the period in which AGC leased and operated the Golf Course, very few significant improvements were made to the Golf Course and rates were marginally increased over said period.

Due to the recent growth and new developments in both North County San Diego and the City of Oceanside, including the addition of a number of new golf courses, it was determined that the Golf Course needed significant upgrades to keep pace with the new and dynamic growth of the area and the City of Oceanside. In August of 2006, an analysis of the operating options for the Golf Course was completed and staff issued a Request for Proposals ("RFP"). The RFP process resulted in the selection of Oceanside Golf, LLC ("Oceanside Golf") as the new lessee and operator of the Golf Course who was willing to make much needed improvements to the Golf Course.

Effective July 1, 2007, a new lease agreement was entered into with Oceanside Golf for the lease and operation of the Golf Course. Under the terms of the lease agreement Oceanside Golf was willing to commit \$4,500,000 to improve the Golf Course in two phases. During the first year of the lease, Oceanside Golf began construction of the first phase of improvements, which included such items as the complete renovation of the driving range, installation of a new practice putting green, a fairway and green restoration program and a state-of-the-art reservation system.

Also under the terms of the lease agreement, Oceanside Golf agreed not to increase green fees during the first year of operation. Further, Oceanside Golf cannot increase

green fees more than 5 percent per year without City Council approval. Unfortunately, due to unanticipated rising water and fuel costs during the past year and projected increase in the upcoming year, Oceanside Golf is requesting an increase in the green fees that will exceed the 5 percent threshold level. Accordingly, Oceanside Golf's proposed increases will require City Council approval.

## **ANALYSIS**

The schedule of proposed green fee increases is shown on the attached Exhibit "A". The total proposed green fees for each of the different category of charges per round reflect: 1) a 5 percent increase over the current rate; 2) additional \$1.50 water and fuel rate surcharge; and 3) a slight rounding adjustment reduction. The rounding adjustment reduction allows new green fees to be in increments of either whole or one-half dollars. In addition to providing a slight reduction, these rounded green fees are easier to manage in calculating the final price charged to the customers.

The proposed green fees are in line with, and in most cases below, the comparable municipal and public golf courses in North County San Diego located in close proximity to the Golf Course. These rate comparisons are shown in the attached Exhibit "B". Other than U.S.M.C. Camp Pendleton's discounted rates, the proposed green fees for the Golf Course are between \$7.00 and \$60.00 per round less than the comparable municipal and public golf courses in North County San Diego.

The proposed green fees will keep the Golf Course competitive with the North County San Diego golf courses from a price comparison analysis. In light of the significant improvements made to the Golf Course in the form of a complete renovation of the driving range, installation of a new practice putting green, a fairway and green restoration program and a state-of-the-art reservation system, the proposed green fees also reflect an unquantifiable value in the quality of playing golf at the Golf Course.

## **FISCAL IMPACT**

The proposed green fees, including the water and fuel rate surcharge, can potentially increase the annual golf course revenue by approximately \$211,366.75, although Oceanside Golf will expense a significant amount of the surcharge for water and fuel to offset the increases in the water and fuel costs compared to the prior year. This fiscal impact estimate is based on the assumption of a 5 percent increase over the extrapolated revenue estimated for 2007-08 and the additional \$1.50 per round surcharge for water and fuel. This estimate assumes the same number of estimated rounds of golf for 2008-09 as in 2007-08.

Per the terms of the lease agreement Oceanside Golf is required to pay, as rent, 20 percent of the gross income received by Oceanside Golf. Thus, the fiscal impact of revenue to the City takes into account both the 5 percent increase in the green fees and the surcharge for water and fuel, which could give the City approximately \$42,273.35 in

revenue to the City could be higher as it is anticipated that the number of rounds will increase in the next fiscal year, which would increase the estimated golf course revenue accordingly.

**INSURANCE REQUIREMENTS**

Oceanside Golf, LLC, will be required to maintain the City's standard insurance requirement over the term of the lease.

**COMMISSION OR COMMITTEE REPORT**

The Parks and Recreation Commission have recommended that the City Council approve the rate increase proposed by Oceanside Golf, LLC.

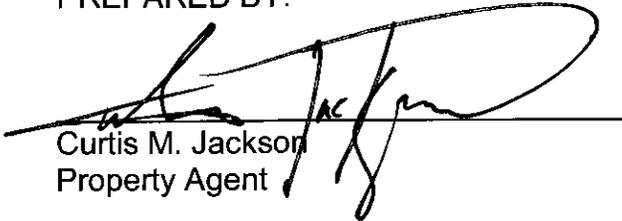
**CITY ATTORNEY'S ANALYSIS**

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

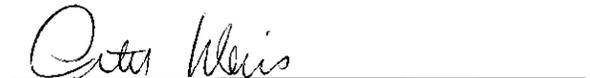
**RECOMMENDATION**

Staff recommends that the City Council adopt a resolution approving increases to the green fees charged at the Oceanside Municipal Golf Course in amounts between \$1.00 and \$3.00 per round, including a water and fuel surcharge.

PREPARED BY:

  
Curtis M. Jackson  
Property Agent

SUBMITTED BY:

  
Peter A. Weiss  
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Jane McVey, Economic & Community Development Director



Margery Pierce, Neighborhood Services Director



Doug Eddow, Real Property Manager



Eileen Turk, Neighborhood Services Division Manager



RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE APPROVING RATE INCREASES AT THE OCEANSIDE MUNICIPAL GOLF COURSE

WHEREAS, the Lease Agreement with Oceanside Golf, LLC for the operation of the municipal golf course provides for a yearly rate adjustment up to 5 percent per year without City Council approval.

WHEREAS, the recommended Municipal Golf Course Rates for July 3, 2008 through July 2, 2009, attached herein as Exhibit "A" and incorporated by this reference, exceed the 5 percent limit which requires City Council approval.

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

SECTION 1. The recommended municipal golf course rates for July 3, 2008 through July 2, 2009, attached herein as Exhibit "A", are approved.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by the following vote:

AYES:

NAYS:

ABSENT:

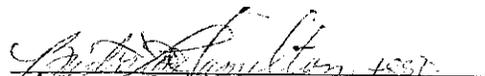
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
City Attorney

# OCEANSIDE GOLF COURSE

825 DOUGLAS DRIVE, OCEANSIDE, CA 92058

PHONE 760-433-1360

## GOLF COURSE RATES STARTING JULY 3, 2008

### MONDAY - FRIDAY

18 Holes - Non Resident	\$26.50	\$1.33	\$1.50	-\$0.33	\$29.00	\$38.50	\$1.93	\$1.50	-\$0.43	\$41.50	107.78%	\$12.50
18 Holes - Resident *	\$23.00	\$1.15	\$1.50	-\$0.65	\$25.00	\$33.75	\$1.69	\$1.50	-\$0.44	\$36.50	108.14%	\$11.50
18 Holes - Senior Non Resident **	\$25.00	\$1.25	\$1.50	-\$0.25	\$27.50	\$37.00	\$1.85	\$1.50	-\$0.35	\$40.00	108.11%	\$12.50
18 Holes - Senior Resident **	\$12.00	\$0.60	\$1.50	-\$0.10	\$14.00	\$22.75	\$1.14	\$1.50	-\$0.39	\$25.00	109.89%	\$11.00
9 Holes - Non Resident	\$15.25	\$0.76	\$1.50	-\$0.51	\$17.00	\$23.50	\$1.18	\$1.50	-\$0.18	\$26.00	110.62%	\$8.99
9 Holes - Resident *	\$12.75	\$0.64	\$1.50	-\$0.39	\$14.50	\$21.00	\$1.05	\$1.50	-\$0.05	\$23.50	111.90%	\$9.00
9 Holes - Senior Non Resident **	\$15.25	\$0.76	\$1.50	-\$0.51	\$17.00	\$23.50	\$1.18	\$1.50	-\$0.18	\$26.00	110.62%	\$8.99
9 Holes - Senior Resident **	\$6.00	\$0.30	\$1.50	-\$0.30	\$7.50	\$14.25	\$0.71	\$1.50	-\$0.46	\$16.00	112.80%	\$4.50

(Most 9 Hole play is in the mornings on the back-nine - reservations accepted)

Junior (17 Years Old & Younger) \*\*\*

Military (Same Prices as Residents)

### PROMOTIONAL DISCOUNT PROGRAMS Mon - Fri

Twilight Non - Resident ( Start Time Varies Seasonally )	\$15.25	\$0.76	\$1.50	-\$0.51	\$17.00	\$23.50	\$1.18	\$1.50	-\$0.18	\$26.00	110.62%	\$8.99
Twilight Resident ( Start Time Varies Seasonally )	\$12.75	\$0.64	\$1.50	-\$0.39	\$14.50	\$21.00	\$1.05	\$1.50	-\$0.05	\$23.50	111.90%	\$9.00
Super Twilight ( Start Time Varies Seasonally )	\$12.75	\$0.64	\$1.50	-\$0.39	\$14.50	\$21.00	\$1.05	\$1.50	-\$0.05	\$23.50	111.90%	\$9.00
Junior Playcard ( Includes Green Fees for 30 Days ) ***	\$25.00	\$1.25	\$1.50	-\$0.25	\$27.50	\$36.25	\$1.81	\$1.50	-\$0.56	\$39.00	106.38%	\$12.00
Senior Weekday Special ( Mon - Thu not including holidays ) ***	\$25.00	\$1.25	\$1.50	-\$0.75	\$27.00	\$25.00	\$1.25	\$1.50	-\$0.75	\$27.00	108.00%	\$6.00
Senior Friday Special ( Offered from time to time ) ***	\$25.00	\$1.25	\$1.50	-\$0.75	\$27.00	\$25.00	\$1.25	\$1.50	-\$0.75	\$27.00	108.00%	\$6.00

(Optional discount programs are offered from time to time by the operator and they are subject to market trends, space availability and customer demand)

### SATURDAY , SUNDAY & HOLIDAYS

18 Holes - Non Resident	\$35.00	\$1.75	\$1.50	-\$0.25	\$38.00	\$47.00	\$2.35	\$1.50	-\$0.85	\$50.00	106.38%	\$12.00
18 Holes - Resident *	\$25.50	\$1.28	\$1.50	-\$0.28	\$28.00	\$36.25	\$1.81	\$1.50	-\$0.56	\$39.00	107.59%	\$11.01
9 Holes - Non Resident	\$17.50	\$0.88	\$1.50	\$0.12	\$20.00	\$25.75	\$1.29	\$1.50	-\$0.54	\$28.00	108.73%	\$8.00
9 Holes - Resident *	\$15.25	\$0.76	\$1.50	-\$0.51	\$17.00	\$23.50	\$1.18	\$1.50	-\$0.68	\$25.50	108.43%	\$8.49

(Most 9 Hole play is in the mornings on the back nine)

Junior ( 17 Years Old & Younger ) \*\*\*

Military (Same Prices as Residents)

### PROMOTIONAL DISCOUNT PROGRAMS Weekends & Holidays

Twilight Non - Resident ( Start Time Varies Seasonally )	\$17.50	\$0.88	\$1.50	\$0.12	\$20.00	\$25.75	\$1.29	\$1.50	-\$0.04	\$28.50	110.67%	\$8.50
Twilight Resident ( Start Time Varies Seasonally )	\$15.25	\$0.76	\$1.50	-\$0.01	\$17.50	\$23.50	\$1.18	\$1.50	-\$0.18	\$26.00	110.62%	\$8.49
Super Twilight ( Start Time Varies Seasonally )	\$15.25	\$0.76	\$1.50	-\$0.01	\$17.50	\$23.50	\$1.18	\$1.50	-\$0.18	\$26.00	110.62%	\$8.49
Junior Playcard ( Includes Green Fees for 30 Days ) ***	\$25.00	\$1.25	\$1.50	-\$0.25	\$27.50	\$36.25	\$1.81	\$1.50	-\$0.56	\$39.00	106.38%	\$12.00

(Optional discount programs are offered from time to time by the operator and they are subject to market trends, space availability and customer demand)

### BASIC RENTAL FEES with new rates

Golf Carts Per Rider Resident ( Double Occupancy )	\$10.75	\$11.50
Golf Carts Per Rider Non - Resident ( Double Occupancy )	\$12.00	\$12.50
9 Hole Cart Rate Per Rider	\$8.25	\$9.00
Single 18 Hole Cart Rate for players preferring to ride alone	\$24.00	\$24.00
Push Carts	\$6.00	\$7.00
Rental Clubs 18 Holes	\$18.00	\$18.00

\* Residents of the City of Oceanside ONLY - Proper ID required  
 \*\* Senior Rate Qualifying age 60 or Older / Senior Rates Apply Mon - Fri  
 \*\*\* Some limitations may apply - Please check with the golf shop for details

NEW RATES

OLD RATES

Information on Internet Reservations [www.playoceansidegolf.com](http://www.playoceansidegolf.com)

Golf Professionals and Lesson Rates  
 Course rules and regulations