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|  <p style="text-align: center;">Council Communication Office of the City Manager</p> | Date: February 14, 2011 |
| | Agenda Item No. 67 Roll Call No. <u>11-0245</u> Communication No. <u>11-075</u> Submitted by: Donald M. Tripp, Director of Park and Recreation |

AGENDA HEADING:

Second reading to approve amending Chapter 74 of the Municipal Code for changes to golf fees.

SYNOPSIS:

Recommend approval of an amendment to Chapter 74, Section 74-181 of the Municipal Code for changes in golf fees, discounts and package pricing.

FISCAL IMPACT:

Amount: Projected annual revenue increase of up to \$6,338 based on greens fees and badge pass averages over the past five years and revenue percentages received through the City’s agreements with C-Corporation.

Funding Source: FY2010-2011 Golf Operations Fund, EN201 PKS010700 page 218.

ADDITIONAL INFORMATION:

On January 23, 2006, by Roll Call 06-187, City Council approved reductions in the daily green fees at the City’s municipal golf courses in an effort to increase rounds and therefore increase revenue through additional volume. On December 17, 2007, by Roll Call 07-2398, City Council approved selective, modest fee adjustments for the golf operation. The results of these pricing strategies have had a positive impact on the Golf Enterprise Fund.

Under the current golf management contracts that went into effect on January 15, 2010, C-Corporation the management corporation, is responsible to propose fee changes. C-Corporation’s proposed golf fees were recommended for approval to the Park and Recreation Board by the Citizen Golf Advisory Committee at their November 3, 2010 meeting. The Citizen Golf Advisory Committee members unanimously approved the proposed fee increases with one member being absent. The Park and Recreation Board received and filed the changes at their November 23, 2010 meeting and voted to approve the changes at their December 28, 2010 meeting. A detailed breakdown of all proposed fees and charges for the golf course operations are attached to this communication with the recommended changes shown in yellow highlights.

C-Corporation is also proposing package pricing for green fees and a cart that will be used for special promotional offers on a limited basis as determined by market needs. An example of utilization in the past is in development of fall seasonal promotions, when golf typically begins to decline. Proposed

changes to the package pricing include:

- Increase of \$1.00 for 18 holes with cart and \$2.00 for 9 holes with cart at A.H. Blank Golf Course
- Increase of \$3.00 for 18 holes with cart and \$4.00 for 9 holes with cart at Grandview Golf Course
- No changes at Waveland Golf Course for package pricing

In addition to the proposed fee increases, C-Corporation recommended the following new seasonal pass policy changes:

- Seven-day passes eligible at any of the City's three golf courses with a seasonal cart pass for \$1,795 per season. Availability limited to the first 30 sold or February 28 of each year, whichever comes first.
- Seven-day passes eligible at any of the City's three golf courses without a seasonal cart pass for \$1,000 per season. Availability limited to the first 30 sold or February 28 of each year, whichever comes first.
- Seven-day passes for seniors, eligible at any of the City's three golf courses for \$680 per season. Limited to first 30 sold or February 28 each year, whichever arrives first.

Many golf courses offer similar specials that are incentives for "early bird" pass purchasers.

Also in this recommendation is the elimination of the college discount which currently offers a 25% reduction from weekday green fees. C-Corporation has noted that the proposed fees will still be the lowest fees among the metro-area competitors and the proposed elimination of the college discount was taken into their recommendation for the proposed fees as presented.

Finally, C-Corporation has requested authorization to implement a \$1.00/person/nine holes, \$2.00/person/18 holes increase for cart rentals at Waveland Golf Course only, and only if the operator can finalize a contract to implement a Global Positioning System (GPS) for the 2011 season.

On January 24, 2011, the City Council completed the first hearing of the 2011 proposed fees and badge options changes; at this hearing, a clarification on the twilight fee was requested. It is a discounted, scheduled rate that incentivizes play after 4:00 p.m. at any City course. This fee was established to market to patrons desiring to play during non-peak hours. The flat fee of \$13.00 allows patrons to golf as many holes as time or daylight allows starting at 4:00 p.m. and ending at sunset on Saturdays and Sundays. Usage after 4:00 p.m. weekdays has not exhibited the need to incentivize.

In 1994, a weekend discount was established by the Citizen Advisory Golf Committee and approved by the Park and Recreation Board and City Council to increase play after 12:00 p.m. on Saturdays and Sundays, when play customarily decreases. The incentive utilizes current approved weekday rates at respective courses for patrons playing on weekends after 12:00 p.m. The Twilight Rate serves to further reduce those rates after 4:00 p.m.

On January 15, 2010, the City entered into a management agreement with C-Corporation for the operation and management of Waveland and Grandview golf courses (C-Corporation also manages A.H. Blank golf course from a previous competitive RFP process). The three City of Des Moines municipal courses are in generally good physical condition and are maintained at competitive or standard levels. The level of customer service and efficiency of the golf operations at each course is also outstanding. Visitors to the City's golf course are complimentary regarding the health of the courses and quality of their experience. The three-year (2007–2009) average of golf rounds at A.H. Blank, Grandview and Waveland golf courses totaled 100,172. This past season (2010), the combined rounds of golf totaled 86,908. Staff believes this decrease in rounds is a direct result of the number of rain days during the

2010 season in addition to the construction of a new green at Grandview Golf Course.

PREVIOUS COUNCIL ACTION(S):

Date: January 24, 2011

Roll Call Number: 11-0128

Action: [Amending](#) Chapter 74 of the Municipal Code regarding 2011 Golf Course Fees. ([Council Communication No. 11-045](#)) Moved by Mahaffey that this ordinance be considered and given first vote for passage. Motion Carried 7-0.

Date: December 17, 2007

Roll Call Number: 07-2398

Action: [Amending](#) Chapter 74 of the Municipal Code regarding fees for golf courses, lodges, park shelters and other park rentals, pool rental, Brenton Skating Plaza, Simon Estes Riverfront Amphitheater and vendors. ([Council Communication No. 07-753](#)) Moved by Hensley that this ordinance be considered and given first vote for passage. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S):

Board: Park and Recreation Board

Date: December 28, 2010

Resolution Number: 10-103

Action: Approval of the proposed fees for golf operations

Board: Park and Recreation Board

Date: November 23, 2010

Resolution Number: 10-093

Action: Receive and file proposed fees for golf operations

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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