



# Agenda Report

June 15, 2020

**To:** Honorable Mayor and City Council  
**From:** Rose Bowl Operating Company (RBOC)  
**Subject:** Brookside Golf Course Fee Structure Adjustments

## **RECOMMENDATION:**

It is recommended that the City Council approve the following actions:

1. Find that action proposed herein is exempt from environmental review pursuant to State CEQA Guidelines Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have a significant effect on the environment; and
2. Authorize the General Manager to adjust Brookside Golf Fees no higher than \$50 on standard green fees and no higher than \$90 (with golf cart) on tournaments/shotguns.

## **EXECUTIVE SUMMARY:**

Brookside Golf Course is an integral asset of the RBOC business operation. In FY19 golf fee adjustments were approved by the City Council and the result was an increase of approximately \$150,000 in golf revenue. For the first time since 2015 golf revenues were increasing, then the course was closed on March 19<sup>th</sup>, 2020 due to the COVID-19 pandemic. The golf courses including the local competition had practiced discounting to keep participation higher. Collectively municipal golf properties have begun offsetting rising expenses with increasing revenues through fee adjustments.

Since May 8<sup>th</sup> (when golf was once again permitted) Brookside's rounds and activity have been at their highest level in 8 years. Given the RBOC financial situation, it is our opinion that responding quickly to changing market conditions is optimal for the organization. Therefore, the RBOC is seeking the ability to increase standard golf fees up to \$50. (it should be noted that the current maximum fee is \$44).

The current 2019 fee schedule is underpriced in some categories when compared to the current LA County area municipal golf market. It is important to note Griffith Park, our direct golf competition currently charges \$50 before 9 a.m. on weekends and holidays. Our direct competition is under a “not to exceed” restriction and is able to adjust rates based on demand. To stay competitive, Brookside Golf Club should also be under a similar structure.

The General Manager will not exceed \$50 on standard green fees and be no higher than \$90 (with golf cart) on tournaments/shotguns. Under this model green fee rates will have the flexibility to go up or down based on direct competition without delay. For example, if our competition raises their green fee by \$1, we can act quickly (through the RBOC Golf Committee) and decide in real time if such an increase makes sense for Brookside.

### **BACKGROUND:**

Brookside’s August 2019 approval of a trial new simplified rate structure has been a success. Rounds have not decreased (excluding when the course was closed due to COVI-19) while average dollar per round went up by over \$1.50 per round. There was very little negative feedback about updating the complex and antiquated rate structure.

In addition, in March 2020 Los Angeles County raised their green fees between \$5 to \$8 depending on the property. That has resulted in the opportunity for Brookside to raise rates while still staying competitive and in line with the competition. Our recommendation is that there is a gradual strategic increase that allows Brookside to stay competitive and keep up with rising expenses.

The initial goal is to achieve approximately a 3% increase to the green fees. This will bring us closer to market prices and help to offset Brookside’s estimated 1.5% annual expense increase for water use, labor, etc. It should be noted that the initial rate increase will not be a uniform increase across all rate categories. Instead each rate will be evaluated, now and in the future, as it compares with the rates of the competition in the market and changed accordingly. This is especially true for protecting the youth development conducted at Brookside through the Southern California Golf Association and most notably being home of The First Tee of Pasadena.

The other recommendation would be to add a \$1 Capital fee to each green fee. This could generate around \$125,000 to \$135,000 annually in additional funds depending on the golf course availability due to events. Those Capital funds could help restore about 50% of the annual Capital funds spent on the golf course property. It should be noted that while rates were simplified in Fall of 2019 additional funds were put into cart path improvements, additional fertilizer and rebuilding a green. Having a funding source for future capital projects will help to show our customers that we are continuing to invest in the property. Industry standard practices separate golf rates by the agronomic quality, layout and the golf experience. While jumping into comparison with a higher end golf facility such as Angeles National (\$135 on the weekend) is unlikely, Brookside can certainly stand out amongst its current competition to maximize usage.

### **FISCAL IMPACT:**

It is anticipated that initially having the ability to adjust golf rates to Brookside’s competition could generate an additional \$135,000 annually. The \$135,000 does not include additional

food and beverage revenues or merchandise sales. Additionally, capital fees of \$1 per green fee could bring in an additional \$135,000 annually for improvements on the golf complex and clubhouse. The increased revenues would help off-set rising RBOC operation costs as well as much needed Capital Improvements to the Brookside facility.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Darryl Dunn', written in a cursive style.

Darryl Dunn  
General Manager