

Agenda Report

July 11, 2022

TO: Honorable Mayor and City Council
FROM: Rose Bowl Operating Company (RBOC)
SUBJECT: Brookside Golf Course Fee Ceiling Adjustments

RECOMMENDATION:

It is recommended that City Council:

1. Find that action proposed herein is exempt from environmental review pursuant to State CEQA Guidelines Section 15061(b)(3), the "common sense exemption" that CEQA only applies to projects that may have a significant effect on the environment, and there are no features that distinguish this action from others in the exempt class, and therefore there are no unusual circumstances; and
2. Authorize the General Manager to adjust the Brookside Golf Fee ceilings annually based on City of Pasadena CPI recommendation, rounded up to the nearest whole dollar.

EXECUTIVE SUMMARY:

On June 15, 2020 City Council approved a "not to exceed" fee adjustment for Brookside. This allows the General Manager to approve golf rate recommendations based on the local golfing market and feedback from the Golf Advisory and Golf Committee comprised of Pasadena residents and various stakeholder representatives of Brookside. The ceiling of this structure was inevitably going to be outpaced at some point by inflation. Staff at the time in 2020 was unaware of the accelerated future inflationary impacts caused by the global COVID-19 pandemic.

Since July 1, 2021, one golf fee is at the ceiling price of \$50. Staff has already received approval for adjustments to fiscal year 2023's golf rates. There are two fees that are pending approval prior to being allowed to exceed the maximum amount of \$50. In order to stay consistent across all fees charged at Brookside, staff recommends the ceiling to be raised on an annual basis by inflation only, rounded up to the nearest whole dollar. This number is given to the Rose Bowl Operating Company by the City of Pasadena each year prior to the budgeting process. Golf tournament fees are also capped at \$90 currently and staff recommends the same system be applied to that ceiling as well.

The RBOC Board of Directors considered this matter at its meeting on June 16, 2022, and approved the above recommendation to be forwarded to the City Council. It is important to note that the ceiling number only applies currently to one golf rate. The highest golf rates target peak weekend, holiday and golf tournament fees. Generally speaking, frequent, loyal, senior, junior and Pasadena resident golfers are not playing golf at Brookside under those categories. All golf rates follow a system that includes local competition, and committee reviews prior to General Manager approval.

BACKGROUND:

Brookside Golf Course since switching to a management agreement with American Golf Corporation (AGC) has improved many aspects of the business. Most notably has been the focus on a better experience which has come in the form of new state of the art lithium battery golf carts equipped with GPS technology, annual upkeep to driving range golf balls and hitting mats, pace of play improvements including additional tee time spacing and the elimination of fivesomes, and better golf course conditions throughout the year. These improvements have allowed the Rose Bowl Operating Company (RBOC) to steadily see an increase in both gross and net revenues from the golf courses.

When a better experience is provided to the golfers a higher price can be charged to justify the added expense for those services. Other factors drive demand as well that can provide additional boosts to pricing such as interest in the sport from golfers such as Tiger Woods, youth golfers becoming adult golfers, new groups reaching retirement age, lack of golf course inventory in Los Angeles County, and a global pandemic such as COVID-19. Brookside Golf Course has benefitted throughout the years during the golf surge of Tiger Woods in his prime where golf fees, including cart and driving range balls were around \$46 on average in 2007.

However, in the years to follow the average fee including cart and driving range balls fell as the experience and surge in demand declined to the point that Brookside Golf Course saw fees of \$33 on average in 2018. With efforts to improve the experience four years ago those average fees began to climb to roughly \$37 in 2019 before the COVID- 19 pandemic. Once the pandemic shut the property down for 49 days, golf was one of the few activities to open up allowing fees to climb North of \$40 per golf round. Currently the average fees sit around \$43 per round of golf.


On June 15, 2020 City Council approved a new “not to exceed” fee adjustment structure for Brookside. This allows Brookside to stay aligned with our competition under \$50 on standard green fees and under \$90 including golf cart on tournaments/shotguns. Brookside rates are currently at the \$50 ceiling rate for the weekend/holiday Course #1 prime time golf fees and \$90 including golf cart for tournaments/shotguns.

Staff is recommending that to stay with competitive properties and to offset rising expenses those ceilings would be increased. A comparable Los Angeles City property Griffith Park golf courses, uses an annual inflation (CPI) escalator on their ceiling prices to maintain annual performance. The RBOC, AGC, Golf Committee and Golf Advisory Committee have agreed this practice at Brookside would help to offset expenses and align with competitive local properties.

FISCAL IMPACT:

It is anticipated that allowing the golf rate ceiling to be annually increased by a CPI percentage, Brookside Golf Club would be able to adjust all competitive golf rates properly and avoid expenses outpacing revenues. No additional net financial impacts are anticipated as expense increases are likely to match any price changes for ceiling rates. Changes to peak rates represent roughly \$15,000 in revenues. Additionally, staff has already gone through the golf rate adjustment process to offset the roughly \$400,000 in total anticipated rising expenses.

Respectfully submitted



Jens Weiden
Chief Executive Officer / General Manager
Rose Bowl Stadium