

Agenda Report

February 9, 1998

TO: City Council

FROM: Rose Bowl Operating Company (RBOC)

SUBJECT: Proposed Green Fee Increase for Brookside Golf Course.

RECOMMENDATION:

It is recommended that that City Council i) Approve the attached price increase for green fees at Brookside Golf Course, and, ii) Amend the existing Agreement #12651 with American Golf Corporation (AGC); wherein AGC and the City of Pasadena would agree to make an annual contribution of \$1.00 per round of golf played into a capital improvement fund to be used exclusively for capital improvements at the golf course.

BACKGROUND:

The current rate structure at the Brookside Golf Courses has been in effect since March of 1995. The proposed schedule (Exhibit 1) represents an average increase of approximately 19% above current fees. Despite the proposed increases, fees at Brookside would remain competitive with comparable facilities (Exhibit 2). AGC has estimated that the number of rounds played would decrease by less than 5% in the first year. The fee increases are projected to offset the reduction in rounds played resulting in a net increase in annual golf course revenues. Gross revenues for the fiscal year ending June 30, 1997 totaled \$5,294,208 resulting in rent payments of \$1,863,637 from AGC to the City of Pasadena. If the proposed increase is approved effective March 1, 1998, gross revenues for the fiscal year June 30, 1998 are projected to total \$5,366,883 resulting in rent payments of \$1,878,409. Additionally, after the fee increases are in effect for a full year, the gross revenues for fiscal 1999 are projected to be \$5,903,571, resulting in rent payments of \$2,066,250. The proposed increases are intended to serve two key purposes:

- Increase the available resources to fund capital improvements to the golf courses
- Provide additional funds to offset financing costs associated with capital improvements to the Rose Bowl and Arroyo Seco.

The Golf Course Advisory Committee (GCAC) was appointed by the President of the RBOC and charged with the evaluation of the fee increases and other golf course related matters. The GCAC held numerous meetings to discuss the fee increases.

Additionally, the GCAC held three public meetings in which the general public was invited to attend and voice their opinions on all golf course related items. A consensus of the general public, as well as representatives of the Men's and Women's Golf Clubs, showed that they were in concurrence with the amount of the green fee increase.

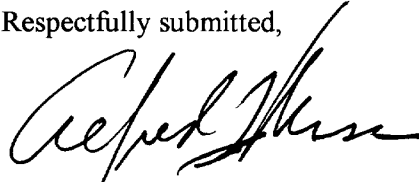
Once again with input from the public, the GCAC has advised and the RBOC agreed that significant capital improvements are necessary to upgrade the condition of the golf course so as to insure the continued marketability of the facility and maintain the revenue stream generated thereby. At the same time, the RBOC recognizes that the current revenues generated from the golf course operations including the existing 10% capital set-aside allocation have been pledged to meet other urgent financial needs. The proposed increased capital improvement fund contribution by AGC and the City of Pasadena would be used exclusively for improvements around the golf course without decreasing the level of funding currently provided to meet other obligations. The contribution would be deducted from green fee revenue, prior to calculating the amount of percentage rent due under the agreement.

It should be noted that City and RBOC staff is still working with American Golf staff to resolve the Capital Improvement non-compliance issues and expect a resolution in the near future. Approval of this item will in no way jeopardize staff's ability to conclude the Capital Improvement negotiations.

FISCAL IMPACT:

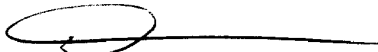
The fiscal impact to the City of Pasadena from the proposed rate increase would amount to an additional \$202,613 for the Golf Course Fund in fiscal year 1999. In addition, with AGC and the City of Pasadena agreeing to contribute \$1.00 from each round of golf played towards a new golf course set-aside fund, there should be approximately \$170,000 available each year for improvements around the golf course.

Respectfully submitted,




Alfred F. Moses
President, RBOC

Approved by,



David J. Jacobs
General Manager, Rose Bowl

Prepared by,



J. Michael Wyly
Rose Bowl Staff