



CITY COUNCIL AGENDA STATEMENT



January 5, 2021

File ID: 20-0472

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AMENDING CHAPTER 8 (GREENS FEES) OF THE CITY'S MASTER FEE SCHEDULE AND ESTABLISHING NEW GREENS FEES AT THE CHULA VISTA MUNICIPAL GOLF COURSE

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The Chula Vista Golf Course (CVGC) hosts over 60,000 rounds of golf and over 400 tournament and banquet events each year. The rates charged for the use of this facility have not been increased in over 12 years and lag far behind other municipal courses in the area. In order to address deferred maintenance and to continue the program of upgrading the facility and increasing the quality of the experience for our customers, staff is recommending the fees be increased to a level more commensurate with comparable local courses. Adoption of this resolution would also authorize the City Manager, or designee, to amend Chapter 8 (Greens Fees) to increase the greens fees by a maximum of three percent (3%) per year for the next five (5) years through 2026, to accommodate inflation and increases to the minimum wage.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable

DISCUSSION

While the demand for golf has declined over the past 20 years, Chula Vista Golf Course (CVGC) remains a local favorite. It is both affordable and accessible to the public. CVGC hosts over 60,000 rounds of golf and over 400 tournament and banquet events each year. The course serves 13 boys and girls high school golf teams that compete in the Sweetwater High School District. CVGC is home to the weekly Chula Vista Rotary

and the facility supports the community through hosting celebrations of all kinds including numerous fundraisers. The Touchstone Golf Foundation has raised over \$40,000 in the last 2 years for non-profits. Membership of the Chula Vista Men's and Women's clubs total over 300 players.

For 32 years CVGC was leased to a turnkey operator with the City getting paid rent but having little input on the operations or maintenance of the facility. During that time an estimated \$4 million of deferred maintenance accrued. It was decided that a new operating model was necessary so the City could be more involved in the management of the asset. In November 2016, the City retained Touchstone Golf, a professional golf course management company to run the daily operations and work with the city on making improvements to the facility.

Under Touchstone's Management, working closely with City staff, the course has seen gradual improvement and progress is being made on several of the deferred maintenance items but like most asset management projects that start with a deep deficit there is still millions of dollars of improvements needed at the facility. Unfortunately, many deferred maintenance issues remain along with normal wear and tear problems that require daily attention. Immediate improvements that need to be addressed are ADA improvements, resurfacing fairways, irrigation repairs, greenside bunker renovation, tree work, tee leveling, and equipment replacement (Attachment 3). Without these improvements the golf course will fall further behind the other courses in the marketplace. While we have managed to sustain a small profit for the City every year and have avoided investing any money from the general fund, we are working with revenues based upon a 14-year-old fee structure. This fee structure has not kept up with inflation, increase in minimum wage and utilities which hampers our ability from making any significant progress on the major issues that exist at the facility. Attachment 1 to this report shows CVGC's current fee structure compared to those of other local municipal and public courses. The CVGC is the lowest in virtually every category. Attachment 2 is our current rate structure compared to the rates proposed by this action. These new rates, while still low are more in line with comparable courses. Attachment 2 shows the projected annual revenue increase generated by the rate change. Even with this modest increase in fees, based on current annual rounds, we will not be able to address all items identified in Attachment 3 but will prioritize ADA and access issues first. The closure of the course during the pandemic dramatically reduced the funds on hand so we are hopeful that funds will be available for these improvements to take place during the 2021/22 fiscal year. If approved this action will amend the City's Master Fee Schedule to reflect these new fees and will authorize the City Manager or her designee to increase the fees a maximum of three percent per year as needed to accommodate inflation and increases in the minimum wage for the next five (5) years, through 2026.

Chula Vista Golf Course is committed to providing an enjoyable golf and dining experience at an excellent value. For the property to be successful fee increases will be required from time to time to offset increased expenses and provide funds for necessary improvements. In our current climate Golf has a great opportunity to capture more golfers and continue to bring them back to Chula Vista.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

When the new rates take effect in the third quarter of the current fiscal year it is anticipated that the Golf Course will see an increase in revenue which will be offset by the needed deferred maintenance remediation. There will be no significant impact to the general fund in the current fiscal year.

ONGOING FISCAL IMPACT

In upcoming fiscal years as the facility condition improves the increase in rates may result in a modest increase in revenues to the general fund.

ATTACHMENTS

1. Comparable Fee chart for local Municipal Golf Courses
2. Proposed new Fee Schedule for CVGC
3. February 26, 2020 Letter from Touchstone Golf

Staff Contact: Rick Ryals, Real Property Manager