

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DONTE WATSON, DIRECTOR – RECREATION AND PARKS
DEPARTMENT
SUBJECT: BENNETT VALLEY GOLF COURSE FEES

AGENDA ACTION: PUBLIC HEARING

RECOMMENDATION

It is recommended by the Recreation and Parks Department that the Council hold a Public Hearing to discuss increasing and adding golf fees and by resolution approve revised Bennett Valley Golf Course Fees to supersede and replace the Bennett Valley Golf Course Fees and requirements set forth in Resolution No. RES-2023-007, effective on July 1, 2024, for the Bennett Valley Golf Course.

EXECUTIVE SUMMARY

The purpose of this Public Hearing is to provide an update regarding the proposed revised and new fees for the Bennett Valley Golf Course (BVGC) Enterprise and for Council to approve, by resolution, the revised and new fees, effective on July 1, 2024. The Public Hearing provides citywide notification allowing members of the public to provide input as part of the City Council's consideration of the fees.

BACKGROUND

The City owns the 150-acre Bennett Valley Golf Course (BVGC) facility including but not limited to an 18-hole golf course and driving range, pro shop, restroom, maintenance shops and yards, restaurant, bar, and event center (banquet rooms). Touchstone has operated, maintained, and managed the entire BVGC Enterprise as of July 1, 2022. As part of the Touchstone proposal and preliminary revenue budget, it was anticipated that golf fees would need to be reviewed and updated as soon as practicable and regularly to be competitive.

On January 10, 2023, Council increased golf fees and eliminated the capital improvement fee per resolution RES-2023-007. This allowed Touchstone to establish updated fees closer to market rate and have flexibility with the best and highest use for all the fees collected.

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As part of Touchstone's analysis of current market rates for golf fees, the need to provide additional revenue to maintain the enterprise fund increased and new fees are proposed for fiscal year 2024/2025.

PRIOR CITY COUNCIL REVIEW

December 6, 2022 – Council held a Study Session regarding the six-month progress of Touchstone's management, operations, and maintenance of the BVGC. The update of Touchstone's progress focused on the future update of the golf fees and the need for funding of the BVGC capital improvements. It was anticipated that staff would return in January 2023 with an update to the BVGC fees based on Council's feedback to update the fees as proposed.

January 10, 2023 – Council approved updated fees for the BVGC effective January 11, 2023 (RES-2023-007). The updated fees replaced previous fees set by Council (RES-2017-090) and eliminated the previous creation of a capital fee and transferred those funds to a capital projects key for future capital improvement needs.

ANALYSIS

The recommendation for this Council item is to increase golf fees to be competitive in the local market for golf. Exhibit A to the attached Resolution shows the proposed fee increases and changes in comparison to existing fees shown as Attachment 1 to this Staff Report. Staff are seeking Council approval for increasing golf fees to be more competitive with the current market rate, help sustain the golf course as an enterprise fund and continue to be the best value locally.

Under Touchstone's management, the BVGC is being improved, and is targeted to return to a business model that sustains itself and continues to be the jewel of the community. The first year (FY 22/23) of Touchstone operations were expected to operate in deficit to fund the debt services for the golf course enterprise and early costs for startup, not including any unforeseen issues. Early 2022 budget projections for the second (FY 23/24) and third year (FY 24/25) budgets showed no deficit as long as the golf course stays competitive in the market and revenues exceed expenditures to sustain the BVGC.

As Touchstone ends its second year and moves into the third year of operations in fiscal year 2024/2025, it has encountered higher than normal rainy days, the need to invest capital, and higher than expected costs of goods and services, especially electricity costs. Touchstone is providing excellent value to the city in careful and transparent management of revenues and expenditures; however, additional revenues are critical to target a sustainable 2024/2025 fiscal year.

Therefore, it's critical to the 2024/2025 budget that the collection of increased fees begin on the first day of the fiscal year, July 1, 2024. The recommendation for this Council item also includes the establishment of a resident/non-resident rate. In review of the residential location of most golfers at BVCG, it is determined that approximately 68% of golfers are residents and therefore the increased fees will include a new fee for

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non-residents. Touchstone's analysis shows that establishment of a non-resident fee will be approximately 10-15% higher than regular rates.

Approval of the attached Resolution with the updated golf fees shown in Exhibit A will allow the BVGC to continue to target a sustainable enterprise fund.

FISCAL IMPACT

The proposed revised and new fees are necessary to fund operating, management, maintenance, debt service costs and reserves associated with the BVGC enterprise. Without the additional revenue associated with the fees, maintaining the BVGC Enterprise would create an increased operating deficit and likely a deficit in the minimum reserve amount for BVGC, which will result in greater General Fund support to the enterprise fund.

Approval of the attached Resolution with Exhibit A will increase BVGC golf fees and establish a resident and non-resident fee.

ENVIRONMENTAL IMPACT

The action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

March 21, 2024, the Long Term Financial Policy Audit Subcommittee received an update of BVGC performance, previous and future budgets, and reviewed the increased fees proposed. The Long Term Financial Policy Audit Subcommittee recommends Council approval of proposed revised fees.

NOTIFICATION

Notice of the Public Hearing was provided by posting signage at the BVCG and publishing notice in a newspaper of general circulation, and bulletin board postings at City Hall and on the BVGC web site.

ATTACHMENTS

- Attachment 1 – Resolution RES-2023-007
- Resolution / Exhibit A – Proposed BVGC Fees

PRESENTER

Jen Santos, Parks Deputy Director