

DATE August 8, 2001

C.D. _____

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GOLF SURCHARGE EXPENDITURE PROGRAM FOR FY 2001-06

*J. Combs	<u> </u>	F. Coroalles	_____
J. Duggan	<u> </u>	H. Fujita	_____
J. Kolb	<u> </u>	M. Matthews	_____
M. Tamuri	<u> </u>		

Eileen Apponheim
 General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

It is recommended that the Board:

Approve the Golf Surcharge Expenditure Program estimated in the total amount of \$25,530,000 for the period of July 1, 2001 through June 30, 2006, which identifies funding for capital improvement projects, including ADA improvements; enhancements to annual expense and improvement accounts; a full-time Golf Project Manager; an administrative trailer to address the consolidation of the Golf Program; and maintenance equipment for the replacement of obsolete equipment.

SUMMARY

The Golf Advisory Committee unanimously recommended the approval of the following Golf Surcharge Expenditure Program at their meeting of July 23, 2001. The endorsement of the report was conditioned upon the removal of all references to specific regional allocations in a manner that the Golf Manager is free to allocate funds within the Golf Division based upon shifting needs and priorities and the addition of an affirmative obligation upon Staff to seek alternative funding mechanisms for satisfying Federal ADA mandates. Staff has worked closely with the Golf Advisory Committee to create a list of golf course improvement projects and other enhancements that will best serve the greater Los Angeles area golfing public by providing improved facilities and services. The number of necessary improvements identified will require five years to complete. Funding to accomplish these projects will be generated from Golf Surcharge Revenue, estimated at approximately \$4 Million dollars annually, as well as loans acquired (if necessary) repaid from projected Golf Surcharge Revenue.

As of July 1, 2001, the Golf Surcharge Account had a balance of \$10,068,858. This is the most current balance available and will be utilized to fund annual expenditures and capital projects as they are prioritized for construction. In order to expedite the completion of all projects, staff will borrow funds, if necessary, from other City funding sources to be repaid from future Golf Surcharge Revenue at a level not to exceed \$2.5 million

annually. This practice will allow the Department to address immediate needs and has been utilized successfully by other City Departments.

The projects listed have intentionally not been prioritized. Staff recommends the approval of the project list as a unit, which will afford staff the flexibility to start projects based on the availability of funding, time of year, and duration of each project. This approach will minimize the impact to golfers and concessions, and maximize Department golf revenue.

In addition to the projects listed, an increase in the annual expense accounts is recommended. The increase will enable the new Golf Division to have funding available in its annual operating accounts to adequately purchase materials and supplies including green/tee accessories, fertilizers, seed, chemicals, and landscape materials.

New items to the Golf Expenditure Program include: service yard upgrades; a Golf Division Administrative Trailer; an annual tree trimming and replacement program; a full-time funded Golf Project Manager; an annual golf course improvement allocation; a training, publications and memberships program; and a Golf Maintenance Equipment allocation to replace obsolete equipment.

CAPITAL IMPROVEMENT PROJECTS

- **Americans With Disabilities Act (ADA) Compliance Phase I**
Upgrade golf facilities to comply with ADA requirements - completion is required by 2002. The proposed pilot program will include four sites: Harbor Park, Penmar, Woodley Lakes, and Los Feliz Golf Courses. These projects will have minimum impact to golfers and revenues for the duration of construction. The Rancho and Griffith Golf Course Clubhouses are listed below as separate projects. Additionally, staff shall seek alternative funding sources for satisfying the Federal ADA mandates.

\$1,500,000

- **Woodley Clubhouse - Completion of Clubhouse/Landscaping and Walkways Installation**
An allocation in the amount of \$350,000 will be added to the existing line item to fund the landscaping and walkways portion of the new Woodley Clubhouse, which was not included in the original project. This project will not affect play or use of the facilities at Woodley during construction; some minor access problems may be encountered by patrons. Additional funding in the amount of \$260,000 will be allocated to cover contingencies and additional architectural fees related to the completion of the Woodley Clubhouse.

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Any leftover funds shall revert back to the Unallocated Balance of the Golf Surcharge Fund.

\$ 610,000

- **Rancho Golf Pump Station Replacement**

Replace existing pump system with a new variable speed pump system. This project will have no impact to golfers or revenue and will result in an overall long term cost savings to the city. This project will be paid out of the current allocation for the Rancho Driving Range Improvements 932-RP.

\$ 125,000

- **Roosevelt Greens/Tees, Including Surrounds, Bunkers, Walkways, and New Irrigation System**

This project will include construction of new greens to USGA specifications, re-positioning of greens and tees for a higher degree of safety to players, and installation of walkways (no electric carts at this course). The installation of a complete new irrigation system includes a computer central controller and fertilizer injector system. This project is estimated to last from twelve to fourteen months, and will require complete closure.

\$4,500,000

- **Hansen Dam Golf Course Irrigation System and Concrete Cart Paths**

Install a new irrigation system including central control, fertilizer injectors, and installation of new concrete cart paths. This project will close up to nine holes at a time. The total length of the project is estimated to be nine months.

\$4,000,000

- **Cart Path Installation All Courses (except Hansen Dam)**

Install concrete cart path systems at all City golf courses with carts, except Hansen Dam which is funded above. All courses will remain open during construction, with minor disruption to player access in some areas of the courses for brief periods of time. Levels of play and concession revenues should remain unaffected. Design costs are being paid by facility MRP accounts.

\$4,000,000

- **Service Yard Upgrades and Golf Administration Office**

Projects to include materials/supplies and equipment storage areas, equipment repair shop upgrades, installation of wash racks with clarifiers, bulk material storage, crew rooms and restrooms. This line item also includes an allocation not to exceed \$1,000,000 in the first year to fund an administrative trailer for the Golf Division, and if cost effective, the

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upgrade and relocation of the Golf Reservation System from the City Hall location to the Golf Administration Office. These projects will not affect patron service or facility access.

\$3,500,000

- **Griffith Clubhouse Reconstruction**

This project will include renovation of the entire clubhouse that will provide complete access in compliance with current ADA requirements and allow for improved use of the existing facilities. This project will impact the golfers' access to off-course services and may cause a temporary decrease in concession revenue.

\$2,000,000

- **Rancho Clubhouse Reconstruction**

This project will include renovation of the entire clubhouse that will provide complete access in compliance with current ADA requirements and allow for improved use of the existing facilities. This project will impact the golfers' access to off-course services and may cause a temporary decrease in concession revenue.

\$2,000,000

TOTAL CAPITAL IMPROVEMENT PROJECTS (Estimated) \$ 22,235,000

ANNUAL EXPENSE ACCOUNTS

Annual expense accounts provide for recurring costs in the daily operation of the Department's thirteen golf courses. The following represent enhancements to existing annual allocations or establishment of new sub-accounts.

- **General Maintenance**

The previous annual allocations for these purposes was \$167,000 for the Griffith/Metro Region golf courses, \$167,000 for the Pacific Region golf courses, and \$192,000 for the Valley Region golf courses. A new line item will be established to fund an annual allocation for General Maintenance in the amount of \$652,000 to better serve the needs of the Golf community. This allocation represents an increase of approximately 21%, and will be administered at the discretion of the Golf Program Manager to adequately fund the purchase of materials and supplies including green/tee accessories, fertilizers, seed, chemicals, and landscape materials, as deemed appropriate for each golf course.

\$652,000

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- **Tree Trimming and Replacement**

A new line item is established to fund the first year of annual tree trimming and replacement program. The first year funding addresses the need to remove and replace dying or diseased Eucalyptus trees at the golf courses. Subsequent annual allocations will be reduced to \$75,000, and will provide for regular maintenance of trees at all the courses.

\$300,000

- **Salary Reimbursement**

A new line item is established to fund a full-time Golf Project Manager to oversee all of the aforementioned capital improvement projects. This position will be solely dedicated to Golf Division projects.

\$85,000

- **Golf Course Improvement**

A new line item is established to fund smaller golf course improvements and renovations that may require construction crews and materials above and beyond those funded under the Golf Maintenance Section. An annual allocation will be established in the amount of \$738,000 to fund these improvements, which shall be administered at the discretion of the Golf Program Manager.

\$738,000

- **Training, Publications and Memberships**

A new line item is established to fund memberships to professional organizations such as the National Golf Foundation, United States Golf Association, and Golf Course Superintendents Association of America. Additionally, they will provide necessary funding for education/training materials, seminars, trade publications and public meetings.

\$45,000

TOTAL FIRST YEAR ANNUAL EXPENSE ACCOUNTS \$ 1,820,000

GOLF MAINTENANCE EQUIPMENT

A one time allocation of \$1,000,000 is included in this recommendation to provide for the upgrade of obsolete turf maintenance equipment to Golf Industry Standards.

\$1,000,000

TOTAL GOLF MAINTENANCE EQUIPMENT \$1,000,000

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ESTIMATED INTEREST EXPENSE

Department staff anticipates a maximum loan of \$5 million over a 4 year period. Depending on a variety of loan options, it is estimated that the nominal interest rate would be approximately 4.5%.

\$475,000

TOTAL ESTIMATED INTEREST EXPENSE \$ 475,000

Capital Projects (5-year)	\$22,235,000
Annual Expense Accounts (First year)	\$1,820,000
Golf Maintenance Equipment (One time)	\$1,000,000
Estimated Interest Expense (4 years)	<u>\$ 475,000</u>
Total	<u>\$25,530,000</u>

Staff will submit annual reports to the Board during this five year program reporting on the progress of projects, fund expenditures, and fund allocations.

Report prepared by Ken Novak, Community Services Branch.