

REPORT OF GENERAL MANAGER

NO. 04-47

DATE February 18, 2004

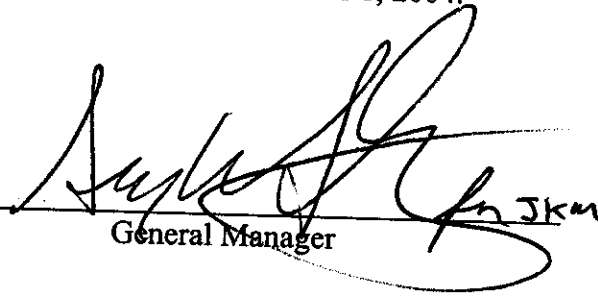
CD _____

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: APPROVAL OF NEW DRIVING RANGE BALL FEES AT SEPULVEDA, WOODLEY, RANCHO, GRIFFITH, HANSEN DAM, AND PENMAR GOLF COURSES, SUBJECT TO APPROVAL OF THE UNITED STATES ARMY CORP OF ENGINEERS, WHERE APPLICABLE, EFFECTIVE APRIL 1, 2004.

H. Fujita _____
J. Kolb _____
B. Lukehart _____
M. Mariscal _____

F. Mok _____
K. Regan _____
G. Stigile _____
J. Combs _____


General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board approve new driving range ball fees and fee schedule as described in the body of this report for range balls provided at Sepulveda, Woodley, Rancho, Griffith, Hansen Dam, and Penmar golf courses, subject to approval of the United States Army Corps of Engineers (COE) where applicable, effective April 1, 2004.

SUMMARY:

The maximum amount the Department's golf professionals are authorized to charge for range balls was last increased on June 18, 1997 (Board Report No. 272-97). At that time, the Board approved a maximum rate of seven cents (\$0.07) per range ball regardless of the size of the bucket (number of balls) purchased. The Department's golf professionals have requested, and Staff recommends, a fee increase in the price charged per golf ball that corresponds with the size of the bucket purchased. This will allow the range operators to offer a variety of options to meet the needs of the golfing community at an affordable price, while maintaining quality.

For smaller-sized, "warm-up" buckets of 50 balls or less, range balls will be priced at ten cents (\$0.10) per ball, while medium-sized buckets of 50-70 balls are be priced at nine cents (\$0.09) per ball, and larger-sized, "value" buckets of 70 balls and more are priced at eight cents (\$0.08) per ball. This pricing is consistent with local trends which are reflected in a survey of local golf courses that offer various-sized buckets at comparable driving ranges. (Please see chart below.) The variety of range ball bucket sizes helps to provide the golfing public with a choice that fits their personal goals

REPORT OF GENERAL MANAGER

PG. 2

NO. 04-47

and needs, and provides the flexibility the golf professionals need to maintain standards of quality while offering value-priced options that otherwise might not be attractive to consumers.

Driving Range Survey*
Prepared by ARD - June 2003

Facility	Large			Medium			Small		
	Bucket Price	Balls Per Bucket	Price Per Ball	Bucket Price	Balls Per Bucket	Price Per Ball	Bucket Price	Per Bucket	Price Per Ball
Rio Hondo (Downey)	\$8.00	100	\$0.08	\$6.00	75	\$0.08	\$4.00	35	\$0.11
Los Amigos (Downey)**	\$8.00	105	\$0.08	\$6.00	70	\$0.09	\$4.00	35	\$0.11
La Mirada				\$6.00	66	\$0.09			
Knollwood (Granada Hills)	\$10.00	125	\$0.08	\$6.00	75	\$0.08			
Los Verdes (Rancho Palos Verdes)	\$10.00	143	\$0.07	\$6.00	86	\$0.07			
Alhambra	\$7.00	100	\$0.07	\$5.00	70	\$0.07	\$3.00	40	\$0.08
Whittier Narrows (Rosemead)	\$8.00	100	\$0.08	\$5.00	60	\$0.08			
Brookside (Pasadena)	\$10.00	125	\$0.08	\$6.00	75	\$0.08			
Santa Anita (Arcadia)	\$10.50	125	\$0.08	\$7.50	85	\$0.09	\$4.50	45	\$0.10
Mountain Meadows (Pomona)	\$8.00	100	\$0.08	\$5.00	60	\$0.08			
Alondra (Lawndale)							\$4.00	51	\$0.08
El Dorado (Long Beach)				\$6.00	86	\$0.07			
Average	\$8.83	113.67	\$0.08	\$5.86	73.45	\$0.08**	\$3.90	41.20	\$0.10
Median	\$8.00	105.00	\$0.08	\$6.00	75.00	\$0.08**	\$4.00	40.00	\$0.10

* All figures are rounded up to the hundredth.

** Per-ball costs for "Medium" and "Large" buckets in this survey are similar due to the number of balls per basket. When adjusted for our medium sized buckets containing 50-70 balls prices approach 9¢ per ball as proposed in our report.

REPORT OF GENERAL MANAGER

PG. 3

NO. 04-47

The Golf Advisory Committee (GAC) and our current golf professionals agree that the current price per range ball is below market value, and concur with the fee schedule as proposed in this report. The Department's golf professionals cite increasing theft of range balls as a major problem and the revenue generated from the range ball fee increase will assist the operators with the financial impact of customers substituting high quality range balls with other balls of a lower quality. The GAC would like to see the quality of range balls, as well as the driving range and surrounding facilities, improved and closely monitored. Increased range ball fees will help provide funding to reach these goals by supplementing monitoring and security, and covering increased maintenance costs.

To help ensure that quality range balls are maintained at each facility, ball prices within the ceiling stipulated by the Board, will be reviewed and approved at the discretion of the General Manager and may be adjusted should range operators fail to meet reasonable range ball quality and facility standards.

For fiscal year 2002-2003, driving range ball fees totaled \$2,705,452.56 for the five concession locations, resulting in Department rental revenues of \$858,631.77. This increase is estimated to yield up to 46 percent additional revenue during fiscal year 2004-2005, the first full year of implementation. Because the COE only considers price increases two times annually, implementation will be scheduled at their next biannual review, April 1, 2004.

Prepared by Michael Honan, Sr. Management Analyst I