



## PARKS AND RECREATION COMMISSION AGENDA REPORT

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May 13, 2021  
Item 4

### **TITLE: REVIEW OF PROPOSED FEE CHANGES FOR CALLIPPE PRESERVE GOLF COURSE**

#### **SUMMARY**

As part of the City's two-year budget process and Callippe Preserve Annual Plan, golf fees are reviewed for fee adjustment consideration. The Commission is responsible for reviewing golf fees to determine if an increase is warranted. Callippe Preserve green and cart fees were last adjusted in July 2019 and range ball fees were last adjusted in 2017. A fee increase is recommended in 2021 to help offset increased course operating, capital replacement, and water costs. The proposed new fees include a \$1.00 increase to all resident and non-resident green fees, cart fees, and range ball fees effective July 1, 2021.

#### **RECOMMENDED ACTION**

That the Commission review and approve the fee structure proposed for July 1, 2021.

#### **FINANCIAL STATEMENT**

For FY 2021/2022, the annual golf course operating costs are projected to be \$3.3M with net operating revenues of \$4.1M forecasted. The proposed fee increases are estimated to generate an additional \$72,266 in revenue. Revenue generated over cost is allocated towards ongoing capital replacements, thus reducing contributions from the general fund.

## **BACKGROUND**

Callippe Preserve Golf Course opened for public play in November 2005, and was designed by Brian Costello, of JMP Golf Design Group. The par 72 course has five sets of tees playing from 6,748 to 4,788 yards. The course has a variety of terrain spread throughout as the front nine is routed through the valley and the back nine sits on a higher elevation. The course is named after the Callippe Butterfly that can be spotted on holes 11 thru 14. The course is also designated as a Certified Audubon Cooperative Sanctuary through the Audubon Cooperative Sanctuary Program. The site is also a venue for special events, tournaments, weddings, and celebrations.

The City has contracted with Pleasanton Golf, LLC (CourseCo) since the inception of the golf course. On December 15, 2020, the Operator Agreement with Pleasanton Golf, LLC (CourseCo) was approved for a five-year extension by Council action.

## **DISCUSSION**

At least once a year, it is good practice to review existing fees to determine if changes are necessary. There are several factors that weigh into this decision, including course utilization, comparison rates of other nearby facilities within the local market, economic conditions, and market trends. Annual nominal fee increases are considered by staff to be the preferred alternative to larger increases occurring less frequently. This philosophy is consistent with most recreation activities and is less disruptive to our customer bases. It has been policy to review golf fees annually, but due to overall economic conditions a fee increase is not always warranted annually.

Callippe Preserve was closed March 17, 2020 through May 5, 2020, due to the COVID-19 (COVID) pandemic. This closure combined with local health order safety protocols that were put in place limited the amount of play for the remainder of fiscal year 2019-2020. However, following the re-opening, the golf course has experienced steady play for the past year allowing golfers the opportunity to enjoy the course in a safe outdoor environment. It is expected that open play rounds will remain high the first part of FY22 due to COVID restrictions and then the demand will be less in the second half of the fiscal year as restrictions ease and customers are able to do other recreational activities. We also expect tournament rounds to resume. Total rounds projected is 53,000, which is 6.9% above our pre-COVID three-year average of 49,542.

Revenue generated by golf rounds, tournaments, food and beverage, and banquet and events cover all golf course maintenance and operation expenses and operator agreement fees. Any remaining revenue is placed in the golf course capital projects fund. In FY22, capital funding is allocated to repaint the driving range poles and repair the golf path bridges.

Using the philosophy noted above, staff and operator, CourseCo reviewed fees for 2021. Cart and green fees were raised by \$1.00 in 2019, and range balls were last raised in 2017. Based on projected increases in operating and capital costs, we are recommending a \$1.00 increase to cart and range ball fees and all green fees including both resident and non-resident tee times (Attachment 1). It is anticipated that the increases will result in approximately \$72,266 per year in additional revenue. Green fees will have a flow through

rate of \$.70 per estimated 52,042 rounds for a total of \$36,429. Currently, a cart is \$17.00 per rider and \$13.00 per rider during twilight hours. A recent review found current rates in this area comparable to nearby courses and a \$1.00 increase keeps Callippe competitive with other nearby course rates. The \$1.00 cart increase will have a flow through of approximately \$.70 per round, which will equate to \$29,143. It is also recommended to increase range balls \$1.00. Current rates are \$5.00 for a small bucket, \$8.00 for a medium bucket and \$10.00 for a large bucket and will have an anticipated flow through rate of approximately \$.70, which will equate to \$6,694.

Included in this report is a competitive fee survey of seven (7) golf courses within our market niche (Attachment 2).

Callippe offers a tremendous value for the dollar, a beautiful setting and a unique and competitive course design that is enjoyed by players of all ages and abilities.

### **ALTERNATIVE ACTION**

Any other action as determined by the Parks and Recreation Commission.

Submitted by:



Kathleen Yurchak  
Director of Operations and Water Utilities

Attachments:

1. Callippe Preserve Golf Course Fee Proposal
2. Competitive Fee Survey