



Memorandum

TO: PARKS AND RECREATION
COMMISSION

FROM: Angel Rios, Jr.

SUBJECT: LOS LAGOS GOLF COURSE
UPDATE

DATE: November 28, 2017

Approved

Date

COUNCIL DISTRICT: Citywide

RECOMMENDATION

1. Accept the status report and provide feedback on the guiding principles and results of the Los Lagos Golf Course (LLGC) community engagement process; and
2. Consider this item at the January 9, 2018 City Council meeting.

OUTCOME

Acceptance of this status report and recommendations outlined in this memorandum will allow City staff to determine any necessary next steps for the future of the Los Lagos Golf Course.

EXECUTIVE SUMMARY

Staff implemented the May 2016 Council directive to conduct a community engagement process to help determine future uses for the Los Lagos Golf Course. This directive stemmed from a September 2015 Auditor's report, which identified several reasons for looking at alternative service delivery, including the City's ongoing general subsidization of operational costs and its long-term debt payment obligations. The community outreach process was implemented during early 2017 in English, Vietnamese and Spanish, and included online surveys, workshops, and online feedback. The process yielded eight (8) community recommendations, some of which are:

1. Maintain City ownership and recreational land use of the Los Lagos property;
2. Approach the Los Lagos property as a multi-faceted community park that includes a golf course, rather than a golf course surrounded by parkland; and

3. Explore and establish new non-recreational (such as hosting corporate events) and recreational (such as Topgolf) revenue streams.

Based on the community feedback, staff has developed the following draft guiding principles for the consideration of the Mayor and City council related to LLGC:

- 1) **Open Space & Recreation:** Continue to value the benefits of recreation and open space that the property provides for the community;
- 2) **Financial Sustainability:** Continue to focus vigilantly on the financial sustainability of LLGC through innovative and aggressive approaches to management and marketing of the property to ensure maximum use of the property by San José residents; and
- 3) **Opportunity Awareness:** Continue to be open to opportunities in the future for innovative approaches to redeveloping the site as community needs involve, while simultaneously ensuring that the environmental and open space attributes of the site are not lost.

The Los Lagos Golf Course is managed through a fee-for-service Qualified Management Agreement (QMA) with Courseco, Inc (Courseco). The current agreement will expire on June 30, 2018 after which the operator will be providing services on a month to month basis until the City enters a long-term agreement with an operator. The City anticipates conducting a Request for Proposal (RFP) process to procure an operator by fall 2018.

Several restrictions and challenges affect the future uses of the Los Lagos Golf Course. Some restrictions or challenges identified are:

1. IRS-based Operational Constraints – Due to IRS restrictions on tax-exempt bonds, Los Lagos is maintained through a QMA, which provides for regulations related to private business use of the property;
2. Debt Service Obligations – LLGC carries a debt service until 2031 which costs the City approximately \$1.5M - \$1.7M annually; and
3. Land Use Restrictions – Under City Charter, parklands are considered 'inalienable' and voters must approve sale or any long term development/use of the site for anything other than park and recreational use.

This memo provides the City Council with an overview of the community engagement process for LLGC, recommendations from the community, and challenges or restrictions for the course. Further detailed analysis is necessary to fully vet non golf alternatives for the site. Staff recommends feedback and approval of the status of results of the community engagement process.

Given the feedback received during community outreach, staff is currently focusing efforts on maximizing the potential of the site for community access and revenue generation/financial sustainability while simultaneously keeping golf as the primary use. If the City Council agrees with this current direction, as well as the draft guiding principles, staff will continue along this path. However, as stated in the guiding principles, staff will remain open to opportunities that could present themselves for redevelopment or re-use of the site.

If the Mayor and City Council would prefer for staff to aggressively vet other opportunities such as redevelopment of the site to park space, sports fields or other non-recreation uses, staff will return to the Mayor and City Council in early 2018 with an anticipated scope of work and schedule for this analysis.

BACKGROUND

The Department of Parks, Recreation, and Neighborhood Services (PRNS) has made golf accessible to the public since the San José Municipal Golf (SJ Muni) course opened in 1968. In 1999 and 2002, Rancho del Pueblo and Los Lagos Golf Course opened creating more opportunities for residents and visitors to enjoy San José's open space, especially in areas that previously lacked amenities such as golf courses. The operation of these facilities is provided through the City's contracts with third party vendors. Specifically, Los Lagos and Rancho del Pueblo Golf Courses are managed by Courseco, and SJ Muni is leased to the Mike Rawitser Golf Shop.

Council Direction

At the November 17, 2015, City Council meeting, the City Council directed staff to bring back a community engagement strategy proposal to evaluate the current land use of the Los Lagos Golf Course property. In seeking a broad and inclusive engagement process, the City Council voiced its intention to establish guiding principles for ensuring that future use(s) of the site (status quo or otherwise) will serve the needs and interests of the community. The directive did not include Rancho del Pueblo or the SJ Muni Golf Courses. Initially the City Council's directive was limited to an engagement process within the community around the LLGC. At a subsequent Council meeting on June 7, 2016, this was expanded to include a citywide outreach. The directives followed after the City Council discussion on the City Auditor's report and presentation on San José' municipal golf courses.

Key Considerations from the 2015 City Auditor's Report¹

The City Auditor's Report identified key recommendations (Attachment A) that would address:

- More favorable contract terms through competition from potential golf course operators that could lower the City's financial risks and grow customer usage;
- Implement a community engagement process for alternative land uses to address the underutilization of scarce open spaces and ongoing financial losses; and
- Develop a more aggressive customer growth strategy.

Staff has instituted audit recommendations specified in the September 2015 Audit report with the current operator, and will continue to monitor the progress of these recommendations.

Recommendations will also be incorporated into the scope of services in future agreements for all municipal courses.

The Auditor's report showed that since LLGC opened in 2002, the average rounds of golf have gone down by 28% from approximately 70,000 rounds of play to 50,000 rounds of play in 2014. Nationally, since 2005, there has been a downturn of 5 million golfers. This coupled with competition from new private golf courses, has led to a decline in the numbers of rounds of golf played at City-owned courses and at most nearby public golf courses.

Golf Trends in the Bay Area and Nationwide

Bay Area golf courses have not been spared the downward trends in golfing. These difficult conditions have led to several golf course closures in Northern California. Some golf courses have chosen to reduce the number of holes played per game.

For example, Diablo Grande Golf & Country Club in Patterson and Ridgemark Golf & Country Club have each gone from 36 holes to just 18 holes; while other golf courses like Adobe Creek Golf Course in Petaluma have closed. Green Tree Golf Course in Vacaville and Roddy Ranch Golf Club in Antioch were both closed in 2016.

For Blue Rock Springs Golf Course (36 holes), the City of Vallejo is currently considering many options, including closing one of the golf courses and rezoning the land for housing development. While closures can help address the imbalance of supply and demand over time, the recent history described above indicates a decline in the market and a far more challenging environment.

To address these challenges, some jurisdictions have found creative land use solutions that incorporate environmental, educational, and recreational opportunities to surrounding

¹ "Golf Courses: Loss of customers and revenues requires a new strategy" September 2015, Office of the City Auditor

communities especially across multi-generations. An example of this is the Highlands Golf course in Western Michigan which was completely transformed into an open space for nature. A November 08, 2017 article² stated “Repurposed golf courses can offer large tracts of contiguous green space that attract native wildlife, restore ecological functions and provide opportunities for members of the surrounding community to interact with nature. Joe Engel, Executive Director of the Land Conservancy of West Michigan, who collaborated with the Blandford Nature Center to acquire the Highlands Golf course in Western Michigan says “This really provides access for kids and for a lot of different constituents in the city to really get out and put their toes in nature a little bit.”

Though this trend seems to indicate a bleak future for golf courses, the National Golf Foundation national study³ paints a more encouraging picture for 2017 and beyond. The study found that in 2016, the number of committed golfers rose for the first time in five years from 19.5 million to 20.1 million, and the number of non-golfers expressing the higher level of interest in playing golf increased by 7.6% from 11.9 million to 12.8 million. The report also stated that this renewed interest in golf participation may be due to the off-course participation in non-traditional forms of golf entertainment such as Topgolf or Footgolf. The young adult category (18-34) is the sport’s biggest segment, with 6.2 million on-course participants and another 3.1 million off-course participants. 33% percent of golfers in the 6-17 age range are females, up from 17% in 1995. Another statistic included in this study is that within junior golfers, 27% are non-Caucasian, up from 6% in 1995. This rise in numbers, utilizing golf courses or playing golf, may be due to the increased visibility of the golf tours (such as LPGA) and through the growth of developmental programs such as First Tee across the nation.

In collaboration with Placeworks, Inc. (Placeworks) a PRNS on-call consultant, staff implemented the community engagement process. Placeworks' services have included the development of a work plan, an outreach program, staff outreach training, implementation of these strategies, and analysis of findings. Community engagement has included social media, surveys, and community workshops.

ANALYSIS

The LLGC is a par-68 course with 18-holes and has been operational since April 01, 2002. It is located in Council District 7 near Capitol Expressway and McLaughlin Avenue. It is adjacent to Coyote Creek and covers 82 acres irrigated for golf play with an additional 77 acres reserved for Coyote Creek and environmental mitigation areas. The 2-tier driving range has 42 stalls with lights and the course was designed to appeal to players at all levels of ability.

² <https://ensia.com/features/golf-courses/> “ As hundreds of golf courses close, nature gets a chance to make a comeback” November 8, 2017, Travis Wood MPPA candidate, University of Missouri-St-Louis

³ “Golf Participation in the U.S. 2017 Edition” National Golf Foundation

History of the Los Lagos Site

The Los Lagos site poses some complexity when considering operational and land use issues in terms of its physical geography and in the circumstances through which it was acquired and developed. This complexity presents real and legal challenges for any proposed reuse of the site, and helps set the parameters in which an 'Alternative Golf Strategy' can be developed.

Originally envisioned in the 1950's as part of a proposed Coyote Creek State Park, the City of San José and County of Santa Clara (County) had already begun acquiring properties along the creek to preserve the natural corridor, and eventually achieve the dream of a 17-mile long recreation corridor from Downtown San José to Anderson Dam in Morgan Hill.

When the State reduced its commitment to the project, the City of San José and the County continued to acquire properties resulting in the greenway we have today. Significant recreational amenities like Los Lagos Golf Course, Kelley Park, Hellyer County Park, and the Coyote Creek Trail all originated from this project, and currently funded trail projects will soon bring the dream to reality.

The City of San José Financing Authority (Authority), a separate legal entity from the City, and governed by the City Council issued revenue bonds to finance the construction of the golf course. The LLGC opened to the public in 2002.

Current operator at Los Lagos Golf Course (LLGC)

LLGC is managed through a qualified management agreement with Courseco which also manages Rancho del Pueblo Golf Course and other golf properties in other Bay Area cities, southern California, Oregon, Washington, and Texas. At LLGC, Courseco additionally maintains the riparian corridor as part of the management agreement with the City. In April 2004, Los Lagos received recognition as a Certified Audubon Cooperative Sanctuary (CACS), one of just 43 in California. The CACS is an education and certification program with Audubon International⁴ that helps golf courses protect the environment and preserve the natural heritage of the game of golf. By helping people enhance the valuable natural areas and wildlife habitats that golf courses provide, improve efficiency, and minimize potentially harmful impacts of golf course operations, the program serves an important environmental role worldwide.

A report by Economic Research Associates⁵, the National Golf Foundations' Customer Loyalty and Satisfaction Program (CLASP) reported that LLGC has remained an award winning high standard golf course since opening, generally exceeding competitors, and the national average in customer satisfaction for overall course conditions.

LLGC averages approximately 49,000 rounds of golf play (actuals rounds for the past 3 fiscal year shown in table below). Courseco staff has hosted several community events to increase

⁴ <https://www.auduboninternational.org/acspgolf> Audubon International

⁵ "Operational Review of the City of San José Municipal Golf Course System" by Economic Research Associates (2008)

their presence in the local community. As an example, they collaborated with the Senter-Monterey Neighborhood Association to host a National Night Out event at Los Lagos on August 1, 2017. They host movie nights, private parties and health and wellness events. Recently, LLGC hosted a Saving Strokes Event and Tournament that focused on stroke awareness and an opportunity for stroke survivors to get back on the course.

The LLGC Annual Plan, including performance measures, is presented in Attachment B. PRNS oversight includes regular meetings with the operator to review operations, inspect course conditions, and review financials. Monthly reports of maintenance and operations activity, and financials are reviewed. Courseco's internal performance targets include:

- Host five (5) non-golf community events (Open House, Family Fun Night, First Green, and Community Movie Nights)
- Host two (2) Food and Beverage events to engage the community (e.g.: food-themed events, music/bands, and/or trivia night)
- Implement five (5) new golf instruction programs
- Achieve 50,000 annual rounds and exceed 4,150 tournament rounds
- Expenses not to exceed \$2,763,730
- Merchandise sales of \$200,000 and Driving Range sales of \$297,000

PRNS staff is working with Courseco to develop additional performance measures related to impact on participants' health and wellness or sense of community through opportunities such as golf, community events, instructional or educational program services.

The current Qualified Management Agreement is a fee-for-service agreement which expires on June 30, 2018. After this date, to maintain service continuity, the current agreement will be on a month-to-month basis until another long-term qualified operator can be selected via a competitive process, and agreement is finalized. The City anticipates conducting a Request for Proposal (RFP) process (incorporating recommendations from the audit and direction from Council) in early 2018, so an operator can be in place by fall 2018.

Financial Challenges and Performance

Using the General Fund subsidy to cover gaps in operational costs, and the repayment of debt service of the golf course are primary reasons to look at alternative service delivery models. Initial City-commissioned studies, prior to golf course construction, optimistically concluded that cost-neutral operations, including debt service, were feasible for City-owned courses. The recent reality has been that golf operations have continued to receive increasing subsidies through the General Fund.

Rancho del Pueblo and LLGC were developed using tax-exempt municipal bonds. Because IRS regulations preclude third-party vendors from privately benefiting from the operations of these types of publicly-funded facilities (while a debt obligation balance remains outstanding), the City is prevented from contracting with golf course operators using revenue-sharing agreements, which give added incentives for private operators to be creative and take risks as they reach for profitability.

Instead, the City is constrained to providing fixed-compensation via QMA's to private operators until the outstanding debt obligation for these facilities is paid-off. This is presently the arrangement that the City has with Courseco and it has the effect of shifting all financial risks pertaining to profitability to the City. Thus, as operations and management costs (including staffing costs, water costs, etc.) increase and golf rounds and other revenue-generating products and services remain relatively flat (or decline), the City's General Fund operating subsidies for LLGC continues to grow, as illustrated in the following table:

City of San José Los Lagos Golf Course 3-Year Financial Data with Rounds Played			
	2014-2015	2015-2016	2016-2017
Rounds played	50,078	49,458	47,049
Debt Balance* at Year-End (Millions)	\$26.09	\$24.57	\$23.03
Management Fee**	\$168,289	\$173,491	\$178,279
Net City Loss (Operating Subsidy)	\$386,893	\$483,455	\$621,756

*Funded separately from the operational subsidy and includes principal and interest

** Is included in the operational subsidy amount

With this as a context, the City and Courseco have worked closely in the last several years to address declining demand in the golf industry, including Courseco's development of annual marketing plans, and the ongoing pursuit of creative revenue-generating activities and community events, such as summer movie nights, foot golf, and club house rentals.

Despite these efforts, as rounds decline, staff continues to evaluate the impact that key fixed-cost drivers have on the operational sustainability of the LLGC. For example, based on Courseco's annual staffing levels, work hours, and compensation rates for 2016, it is evident how Prevailing Wage and Living Wage thresholds impact the financial pro forma.

	2016 Annualized Cost Differential (Wages)	
	Current Wages Above Market Wages	Current Wages Above Living Wages

	(Includes Prevailing Wage or Living Wage Constraints)	(With No Prevailing Wage Constraint)
Course Workers	\$128,000	\$72,000
Operators	\$146,000	\$139,000
Mechanic	\$54,000	\$72,000
Food & Beverage Workers (Benefited)	\$35,000	\$0
Food & Beverage Workers (Unbenefited)	\$51,000	\$0
Estimated Cost	\$414,000	\$283,000

These estimates provide one example of the challenges facing golf operations, whether LLGC is operated by a third-party vendor or City staff.

General Restrictions and/or Challenges

In considering future options for the LLGC, several challenges must be considered:

- To acquire such extensive land holdings and preserve them for future enjoyment took incredible foresight and commitment by the people of San José. Much of the revenue needed for this effort was generated through the passage of a series of City bond measures in 1957, 1961, and 1966, among other financing (City of San José Financing Authority issued a total of \$27.6M in lease-revenue bonds in 1997 and 2000) that was also involved. At LLGC, at least 12 properties contributing to the golf course are believed to have been purchased with proceeds from the 1966 'Parks and Playground' Bond. In addition to any potential bond restrictions, other obligations may be present due to alternative financing used for the acquisition of golf course properties, including the Water Utility Fund and the U.S. Department of Housing and Urban Development (HUD). It is typical for properties to be deed restricted when specialized financing was used for their acquisition. For example, due to IRS regulations on tax-exempt bonds, LLGC is maintained through a management agreement with Courseco which restricts private business use of a property acquired using public funds.
- Los Lagos Golf course is considered parkland and as such is considered “inalienable” under City Charter Section 1700. The sale or long term development, or use of the site for anything but park and recreational use requires the affirmative votes from a majority of the voters. In this way, parkland that has been "dedicated, improved and opened to the public for public park purposes" is protected in perpetuity. It is important to note that even long term contracts or development leases for a portion of the site would likely require a vote of the people to approve.

- As per the Auditor's report, "a 3-acre portion near the parking lot contains contaminated soil and is thus restricted from residential development". Costs associated with decontamination of soil at the golf course may be cost-prohibitive.
- A bigger constraint for development, might be that proximity to the Coyote Creek and low lying lands means that much of the golf course is located within the FEMA designated 100-year flood zone.

The physical geography and environmental protections of the golf course make reuse challenging. Los Lagos is in a riparian corridor, subject to development guidelines and restrictions in the City's Riparian Policy and the Santa Clara County Habitat Conservation Plan. The Riparian Corridor Policy states that development projects located adjacent to riparian habitats must be set back 100 feet, and at Los Lagos the riparian corridor and the associated set-back total about 45 percent of the overall site. A more detailed evaluation of the existing constraints, obligations, and policies that govern the purchase, development, and operation of the LLGC prospectively including corresponding resource requirements would be required if re-use of the site is a desired option.

Citywide Community Engagement

Process

Per City Council direction, PRNS launched the community engagement campaign in early 2017 to solicit feedback from both golfers and non-golfers. Outreach materials were provided in English, Spanish, and Vietnamese and included:

- An online community survey – PRNS staff solicited survey participation through contacts at malls, community centers and neighborhoods;
- Three (3) Community engagement workshops (with interpreter services in Spanish and Vietnamese); and
- Ongoing online feedback via City webpage and online forum applications.

Staff reached out to residents citywide through community centers, shopping malls, Parks and Recreation Commission, Senior Commission, Youth Commission, social media, Neighborhood Associations, City Council office distribution lists, pop-up events, newspaper advertisements, direct mailings, and flyers. Feedback was recorded through:

- 3,738 online survey responses, and more than 40 letters from Nextdoor.com; and
- Approximately 211 participants from the community participated in the three workshops from all council districts. Workshops were held strategically at the Andrew Hill High School (moved from the Seven Trees Community Centers due to the flood) to cover

District 2, 7 and 8; Camden Community Center to cover Council Districts 1, 6, 9 and 10; and Berryessa Community Center to cover Council Districts 3, 4 and 5.

Online Surveys

Highlights of responses through the online surveys included the following:

- Most of the respondents play the course every other month, while at least 20% of the responders play either weekly or monthly at LLGC. The driving range is a valued asset at the course as it was utilized by at least 40% of the respondents.
- Location of the course was identified as an important reason to play the course. In addition, the location, design, course condition, cost/fees, and amenities were cited as benefits. The course received positive reviews such as "Amazing balance of nature and sport", "Not a great golfer, and I can still have a nice time", and "As a novice, I find Los Lagos affordable, fun and challenging. It is a course that presents golfers a pleasant and challenging course close to home."
- 44% of the respondents that play golf, do not play at LLGC claiming that "location" was a reason. Other reasons cited for not playing at LLGC included difficult walking environment of the course, the homeless population, and poor clubhouse/food services.
- 70% of the respondents agreed that the course needed improvements. However, more respondents stated that more effective marketing and clean-up of the Coyote Creek was a higher priority. Other improvements identified included upgraded amenities, new and improved management, and upgraded course conditions.
- Maintaining the parkland as an 18-hole municipal golf course was ranked as the respondents' highest priority, while lower priorities included redesign options to a multi-use public park with/without a golf course. Conversion to protected land space with no access was ranked lowest.

Community Workshops

Workshops were open to residents citywide. All the workshops contained the same content, format, and facilitation process. City staff presented background on the Los Lagos Golf Course, including the environmental merits of the facility, current fiscal challenges, and the City auditor's report. Participants were divided into discussion groups of seven to eight members with a group facilitator, who then led the group through the following questions:

1. What are the major community benefits of the course to both golfing and non-golfing residents?

- More than 20% of the workshop participants considered the cross-section of players (referring to the accessibility of the course to all ages and groups) as its biggest golf-specific benefit followed by approximately 10% of the respondents stating personal and physical health as a benefit.
 - When the benefits of the course were broadened beyond just golf-specific benefits, over 20% of the workshop participants commented that the natural features (referring to the unimproved environment and elements of the course property including the wildlife assets, needed open space and Coyote Creek/Riparian space) as greatest benefits.
2. What methods would allow the course to continue to operate, while improving cost recovery and reducing financial impacts to the City?

Participants contributed the most feedback during this discussion including: growing revenue generation through increased green fees and/or resident/non-resident fee structure; develop non-recreation revenue such as hosting corporate events or outdoor summer events; restructuring the debt obligation; increase golf play, explore new recreational revenue (disc/frisbee golf); and improve marketing strategies were all closely ranked ideas.

3. How could the course be reconfigured to accommodate new uses and broaden community benefits?

Participants were reticent to contribute ideas to this question in comparison to the questions above, given that the significant majority of attendees/respondents were golfers. However, the discussion demonstrated that the community understood the potential of the course as a larger community asset and was willing to explore strategic physical changes to the course. The strongest opinion voiced was to change the course to accommodate new uses of the course. This would include accommodations for soccer, improve and expand hiking and cycling trails, and transform the driving range into new uses.

A designated reporter from each group shared the group's ideas and comments with all workshop participants.

Community Recommendations

The community engagement process yielded eight different recommendations for the Los Lagos Golf Course. Recommendations are:

1. Maintain City Ownership and recreational land use of the Los Lagos property
2. Approach the Los Lagos property as a multi-faceted community park that includes a golf course, rather than a golf course surrounded by parkland
3. Explore and establish new non-recreational revenue streams
4. Explore and establish new recreational revenue streams
5. Diversify public utilization, and sense of ownership of the course property
6. Establish an improvement plan for Coyote Creek Trail and Bike path
7. Develop a marketing strategy targeting young and future golfers
8. Explore refinancing bonds and restructuring wages

Details on the process, online surveys, workshop results, and the community recommendations may be found in Attachment C titled "Report on Los Lagos Golf Course Community Outreach Project for the City of San José"

Alternate Uses

During the community engagement process, participants suggested expanding Los Lagos property (wholly or partially), to include other recreation related uses. PRNS currently operates 64 sport fields that support over 80 teams. Of the 64 fields, nine are synthetic turf soccer fields, 13 are grass soccer fields, and 42 support baseball and softball. While some fields are multi-sport and can be used for field sports or diamond sports, the city remains underserved in sport fields. In a November 2008 study entitled "Community Sports Fields Study" PRNS compared the available sport fields in the city to recommended standards published by the National Recreation and Park Association (NRPA). NRPA suggests that communities should have one diamond field for every 8,000 residents and one rectangular field for every 10,000 residents. These are national recommendations that do not consider population demographics, but they do provide a rule of thumb for San José to consider. Based on the 2008 Sport Field Study, San José has a deficiency of 72 diamond fields and 57 rectangular fields. While the Los Lagos property certainly cannot support the large number of fields needed to address the current deficiency, the construction of new fields is generally needed, and this site is centrally located and may serve a broad population.

There are several considerations associated with the course conversion approach including site topography, environmental resources, and impacts (e.g., endangered species, floodplains,

wetlands, etc.), traffic impacts, to name a few. All these pose constraints that limit the future viable uses and should be considered if the option is to be studied further.

Staff Recommendation and Next Steps

PRNS recommends the acceptance of the report on the community engagement process and feedback on the guiding principles below.

- 1) **Open Space & Recreation:** Continue to value the benefits of recreation and open space that the property provides for the community;
- 2) **Financial Sustainability:** Continue to focus vigilantly on the financial sustainability of LLGC through innovative and aggressive approaches to management and marketing of the property to ensure maximum use of the property by San José residents; and
- 3) **Opportunity Awareness:** Continue to be open to opportunities in the future for innovative approaches to redeveloping the site as community needs involve, while simultaneously ensuring that the environmental and open space attributes of the site are not lost.

The City has several options moving forward as summarized in the below table:

Options	Initial Opportunities (O) and Challenges (C)
Maintain status quo as golf course	<p>O: Golf course is maintained at current levels. Staff will work with operator to improve marketing strategies; environmental values are preserved; and open space is maintained</p> <p>C: City General Fund continues to subsidize the gaps in operational cost and a debt service of \$1.5-1.7M until 2031.</p>
PRNS assumes operations and oversight	<p>O: More control over marketing and ability to effectively implement audit recommendations including increasing revenue through recreational and non-recreational programs.</p> <p>C: Staff will need to consider the additional cost (ranging from \$100,000 - \$200,000) of operations and management.</p>
Close the course and maintain as an open space	<p>O: Aligns with the commitment to have open space for residents to enjoy; City subsidy ends and costs will be limited to ongoing maintenance/security/capital improvements</p> <p>C: Debt service remains and must be paid back – no revenue to offset any expenses.</p>

Sale of the course in part or in entirety	O: Full retirement or reduction in debt service. C: Loss of parkland; needs voter approval; may require additional capital investments
Conversion of field to other sports (whole or partial) based on sports utilization trends analysis	O: Fulfill need for additional soccer or cricket fields; may generate more revenue C: Requires substantial capital investment; environmental impact.
Expand on-course and off-course activities including park place-making activation and multi-generational uses	O: May be able to reduce annual City subsidy; increased utilization of asset citywide C: Requires additional capital investment to get the course ready for enhanced activities; may increase staff costs.

Given the feedback received during community outreach, staff is currently focusing efforts on maximizing the potential of the site for community access and revenue generation/financial sustainability while simultaneously keeping golf as the primary use. If the City Council agrees with this current direction, as well as the draft guiding principles, staff will continue along this path. However, as stated in the guiding principles, staff will remain open to opportunities that could present themselves for redevelopment or re-use of the site.

If the Mayor and City Council would prefer for staff to aggressively vet other opportunities such as redevelopment of the site to park space, sports fields or other non-recreation uses, staff will return to the Mayor and City Council in early 2018 with an anticipated scope of work and schedule for this analysis.

EVALUATION AND FOLLOW-UP

The preliminary date to provide an update to the Neighborhood Services and Education (NSE) Committee is December 14, 2017 and the City Council on January 16, 2018.

PUBLIC OUTREACH

This memo will be posted on the City's website for the December 6, 2017 Parks and Recreation Commission meeting, for the December 14, 2017 NSE Committee meeting, and for the City Council meeting on January 9, 2018.

COORDINATION

This memo has been coordinated through the City Attorney's Office and the City Manager's Budget Office.

COST SUMMARY/IMPLICATIONS

There are no budgetary implications associated with this memo. Any budgetary or cost implication arising from subsequent recommendations stemming from the City Council discussion will be brought forward to City Council for approval later.

COMMISSION RECOMMENDATION/INPUT

The results of the community engagement process were presented to the Parks and Recreation Commission on June 7, 2017. This memo is scheduled to be presented to the same body on December 6, 2017.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/
ANGEL RIOS, JR.
Director of Parks, Recreation, and
Neighborhood Services Department

For questions, please contact Abraham Chacko, Program Manager, at (408) 793-5523.

Attachments:

1. Attachment A: Recommendations from the City Auditor's report on golf course
2. Attachment B: 2017-2018 Annual Marketing Plan for Los Lagos Golf Course, Courseco Inc.
3. Attachment C: Report on "Los Lagos Golf Course Community Engagement Project" for the City of San José" – June 07, 2017, Placeworks, Inc.

ATTACHMENT A

Recommendations from the City Auditor's report on golf courseⁱ

Recommendation #1	To obtain more favorable contract terms, when the lease and management agreements expire, the Department of Parks, Recreation and Neighborhood Services should seek competitive proposals from potential golf course lessees/operators that lower the City's financial risks and grow customer usage.
Recommendation #2	<p>To address underutilization and financial losses, the City Council should provide policy direction and direct the Administration to begin a community engagement process regarding consolidating the golf courses and implementing alternative land uses on the underutilized golf lands. Potential policy directions include:</p> <ul style="list-style-type: none"> a) Continue the General Fund subsidy to keep the three golf courses as they operate today, b) Reduce the General Fund subsidy through a competitive sale of some portion of golf course lands to pay off the outstanding lease-revenue bonds, and/or c) Increase community utilization of scarce parkland by reconfiguring one or more golf courses to other uses, for example constructing new sports fields.
Recommendation #3	<p>To improve the utilization and finances of its golf courses, the Department of Parks, Recreation and Neighborhood Services and its operators should:</p> <ul style="list-style-type: none"> a) More clearly articulate a competitive position that covers the facilities, pricing, and the brand, b) Develop a more aggressive customer growth strategy, identifying target customers and utilization goals and c) Implement more effective outreach and retention plans.
Recommendation #4	To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should assign sufficient resources to oversight.
Recommendation #5	<p>To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should:</p> <ul style="list-style-type: none"> a) Regularly audit Muni's gross revenues and capital improvement fund b) Keep all golf records centrally and ensure they are obtained timely c) Formalize the revised maintenance standards d) Formally approve the fees charged and discounts given to The First Tee and the schedule of access hours.

ⁱ“Golf Courses: Loss of Customers and Revenues Requires a New Strategy Report, Office of the City Auditor, September 2015

ATTACHMENT B

2017-2018 Annual Marketing Plan

Los Lagos Golf Course



Philosophy and Approach

CourseCo is committed to the practice of drafting marketing plans specific to the needs of our clients, with an understanding that a golf course is much more than just a place to play the sport. Often, the golf course represents a key and focal community amenity that should service the sporting and recreational needs of as many residents as possible. In 2017-18, our plan in to add to the already strong community minded activities in place at Los Lagos Golf Course with several key non-golf community and family inclusive programs. A marketing plan for Los Lagos Golf Course includes a plan for golf revenue growth and success, as well as articulating the practices of developing non-golf participation and revenue generating programs from the community and region.

Our approach with the marketing initiatives at Los Lagos Golf Course follow the path of research, collaboration, design and execution. We also consider the San Jose marketplace to be a 12-month market. As such, there is very little seasonality in our marketing budget or level of activity. We expect our efforts to be varied, cost effective, deliver a return on marketing investment that is acceptable, and take place year round. As a general trend in our business, our shift and focus in advertising and marketing spending is digital distribution leveraging technology and social media for maximum effectiveness.

Research

CourseCo believes in the power of information and research. It is impossible to draft and deliver a specific marketing plan without the necessary information critical to the process of development. Data and information shape our strategies and marketing philosophy at every course we manage. At this point, we recognize and monitor our playing patterns daily, weekly and monthly. We also forecast our playing trends using weather data available to us to ensure we maximize our revenue possibilities from every playable day throughout the year.

CourseCo has proven experience and continued success in identifying and establishing golf courses in their markets, targeting market segments both geographically and demographically, and attracting potential patrons to the property. Every golf course has its own distinct personality, competitive advantages, and opportunities. We employ a very “hands-on” approach to researching the historical performance of the golf course.

Our sales and marketing efforts are designed to not only position our golf courses to capture as much market share as possible within our targeted demographic profile, but also to create general awareness and alignment with the City of San Jose and the key Community groups and organizations.

Our local market knowledge includes:

- Comprehensive understanding of the competition in this market
- Expert knowledge in local golf rates and membership types and cost
- Very strong relationships with the existing groups, clubs, leagues and community leaders.

- Experience with the media and newsprint publications servicing the area, along with the results and expectations of advertising

Collaboration

A marketing plan is a business necessity, outlining the goals and objectives of the business while further articulating the specific actions necessary to accomplish those goals. An annual marketing plan sets the expectations for revenue success each year. Collaboration is key throughout the annual campaign as unexpected trends, competitive pricing pressures, and unexpected conditions all emerge that require a modification to our plan. Our annual plan is designed to be the starting point for a sound revenue plan, and we expect it will be changed and altered as necessary throughout the year. These changes and collaborative modifications to our plan create a “living” document that serves as our roadmap and source of historical information needed for future planning and success.

Los Lagos Golf Course - 2017-18 Marketing Plan

1. 2017-18 – Property Objective and Performance Standards

- Secret Shopper 1 a month
 - Average score of 87%
- Customer Comment Cards
 - Collect 100 per month
 - Average score for each category of 3.7 or higher
 - Food and Beverage
 - Golf
 - Golf Course Conditions
 - Service and hospitality
 - Community Impact
 - Wellness and Health Contribution
- Host 5 non-golf community events
 - Open house, Family Fun Night, First Green, Community Movie Night, and at least one additional event
- Host 2 Food and Beverage events to engage the community (examples include food themed, music/bands, and or trivia night)
- Implement 5 new GOLF INSTRUCTION programs
- Achieve 50,000 annual rounds
- Exceed 4,150 tournament rounds
- Expenses not to exceed \$2,763,730
- Merchandise sales of \$200,000
- Driving Range sales of \$297,000

Target Market & Our Customers

The customer base at Los Lagos consists of:

Daily Fee golfers, purchasing golf from public facilities

- Senior Golfers- Weekday emphasis for rounds volume
- Value Golfers- Afternoon/Twilight golfers looking for a good golf experience at a high perceived value relative to cost.
- Weekend Golfers- Both casual and avid weekend golfers looking for morning tee times and willing to spend a higher average green fee than other customer segments.
- Junior Golfers- Afternoon and weekend emphasis for entry into the game
- Women Golfers- Continue our emphasis on social and unimimidating golf for women.

Outside Tournaments- This includes small clubs as well as larger fundraising tournaments.

Corporate Leagues- Establish external corporate weekday leagues to attract 9 and 18-hole rounds of golf after work.

Our Competition

Our golf competition in our market is San Jose Muni, Santa Teresa, Deep Cliff, Coyote Creek, The Ranch Golf Club, Summit Pointe, Spring Valley, Cinnabar Hills, Pruneridge, Sunnyvale Muni and Sunken Gardens.

We have data to help us analyze our competition through the NGF Survey programs. Our customer base also plays SJ Muni and Santa Teresa the most. They have very good reputations for providing good customer service and a good golf product. Coyote Creek and Cinnabar Hills, the “higher end” facilities are now marketing, through discounting, to our main customer base.

Start 50,000 rounds of golf in 2017-18

Actions 1 - Leverage our proprietary email databases of Golf Around the Bay Emails and Rewards – Constantly have a presence in the Golf Around the Bay database offering affordable golf rounds via email. We are also launching a Northern California Rewards platform in 2017 centered around the Golf Around the Bay brand with an opportunity for reward points to be earned and redeemed at Los Lagos.

Action 2 - Brand Advertising – These non-price announcements and advertisement will focus on the accolades received by the course and reinforce the value and quality of the Los Lagos golf experience. Though these messages will not be price specific, they will always provide analytics regarding reach and penetration.

Action 3 - Email Price Point offers- We will be sending out communications to our guests in a strategy that focuses on relevancy of message. Player types will be created based on play habits, membership purchase, and other factors, that allow us to create very specific messages and

incentives for players we believe will act upon and play more golf. Each type of player gets a specific message.

Action 4 - Onsite Price Point

Incentives/Bundling- Looking to take advantage of spikes in demand and high tee sheet utilization, we will be creating bundled service incentives that pair golf with add-on services and improve our APR. These incentives will be day and product specific.

Action 5 - Develop a “Best Rates: No Booking Fees” message to convert golfers into booking directly into our website, converting them from third party sites like GolfNow.

Action 6 - Actively monitor and adjust our online pricing on our website and all third party sites (GolfNow, etc) to ensure we are driving rounds volume into underutilized time frames and creating inventory where we have our most/highest demand for golf.

WEEKEND DEALS
SATURDAY & SUNDAY

BEFORE 10AM	10AM - 2PM	2PM-3PM	AFTER 3PM
\$54	\$49	\$39	\$29

CARTS ARE 90 DEGREE RULE
Not valid with leagues, tournaments, outings or with any other offers. Valid through 04/30/17.

BOOK NOW

*"You guys should flood every six weeks, golf course is in incredible shape!"
- Los Lagos Customer*

Increase retention of our existing guests through a systematic approach

Action 1 -We will distribute weekly email messages that maximize our ability to sell underutilized tee times. Every Thursday, we will distribute an email to our database providing an incentive for golfers to play golf and save money on our remaining tee time inventory.

Action 2 - We will continue to maximize our ability to get players to return through effective and efficient CPM digital advertising campaigns. Every month, we will reach both the people who have visited our website and those in the region with an interest in golf with a message regarding Los Lagos Golf Course.

Action 3 – We will make every effort to consistently improve the guest experience in a way that makes playing golf at Los Lagos a different experience when compared to our competition. This effort will consist of the following programs:

Exceed 4,150 Tournament Rounds

Action 1- Reach Out to NCGA Associate Clubs in the area to host one of their events

Action 2- Aggressively contact local companies about hosting a team building tournament.

Action 3- Reconnect with past groups with an offer to try Los Lagos again

Merchandise Sales of \$200,000

Action 1- Provide two Demo Days to promote sales of golf equipment

Action 2- Provide one Trunk Show to promote sales of apparel

Action 3- Specials tables to move slow selling merchandise

Action 4- Bundling of merchandise (buy a dozen balls receive a glove for \$5, etc.) to promote higher per purchase sales.

Range Sales of \$297,000

Action 1- Aggressively advertise range key sales (\$50 for \$60 value)

Action 2- Host discount nights tied to Happy Hour type events

Action 3- Create Player Development Program to incentivize more practice and playing at Los Lagos

Consistent Guest Experiences

Far too often employees are hired, given some basic training and then left on their own. CourseCo's philosophy is that while upfront training is crucial to setting employees up for success, the ongoing training is what ultimately produces excellence. Depending on the employee group and department, regular training is scheduled anywhere between monthly and quarterly. The pro shop staff will be trained in CourseCo's proprietary customer service philosophy as well as up-selling techniques and tee sheet management to capitalize on revenue opportunities.

Customer Service, SWEAT Training

CourseCo has developed our proprietary approach to customer service, (S.W.E.A.T.), allowing for standardized expectations in customer service. Taking inspiration from the hospitality industry and recognized leaders in guest service in other markets, we developed a simple way to provide direction and expectations for all staff members during every interaction with a guest during their visit. Our S.W.E.A.T program is outlined as follows:



- SMILE** Greet each customer with a positive and upbeat attitude, wearing a smile.
- WELCOME** Welcome each guest to the property, every time you meet them for the first time that visit.
- ENTHUSIASM** Have a sincere enthusiasm in interactions with our guests.
- ASK** Engage our guests in conversation by asking them a question. All staff members should ask questions appropriate for their role.
- THANK** Staff members are directed to thank our customers for their visit at the conclusion of their interaction.

As a common weekly practice, we will utilize SWEAT observation cards that allow the manager to observe guest interactions with our staff members and provide accurate feedback and training on improving our guest experiences and making sure the SWEAT standards are being met every time.

- **Training Program** – Once the standards are set the message must be delivered to the employees responsible for delivering the service and product associated with the agreed upon standards.

- All new employees are provided a new employee orientation, conducted by the General Manager, their first day on the job.
- Monthly staff meetings all spend a period of time on S.W.E.A.T! training.

- **Measurement** – We will continue to use the following mechanisms to provide additional feedback regarding the quality and consistency of our guest experience:

- **Comment Cards** – collected on a daily basis, a monthly summary report is submitted that measures our customer’s direct feedback in several categories.

- **GOAL – 3.7 OR HIGHER IN EACH CATEGORY**

- **Secret Shopper** – conducted monthly during the peak season these professional assessments give real feedback to management on the quality of the course,

Los Lagos

Date: _____ Email: _____
 Name: _____ Phone: _____
 Address: _____ City/Zip: _____

Please rate the following based on your visit to Los Lagos Golf Course.

	Poor		Good		Excellent
Golf Course:					
Design/playability	1	2	3	4	5
Quality of maintenance	1	2	3	4	5
Practice facility	1	2	3	4	5
Golf Shop:					
Quality of service	1	2	3	4	5
Merchandise selection	1	2	3	4	5
Helpfulness of:					
Shop personnel	1	2	3	4	5
Starters	1	2	3	4	5
Cart personnel	1	2	3	4	5
On course personnel	1	2	3	4	5
Food and Beverage:					
Quality of Service	1	2	3	4	5
Quality of Food	1	2	3	4	5
Overall Experience	1	2	3	4	5

Comments: _____

PRINTED ON RECYCLED PAPER

cleanliness of the facility as well as measuring customer service against our S.W.E.A.T! standards.

- **GOAL – AVERAGE SCORE OF 87%.**
- Most recent mystery shop attached
- **Qualitative Feedback-** as we continue to expand our non-golf community programming and establish wellness and health components that contribute to expanded outdoor recreation options for San Jose Residents, we will create custom surveys for these events and activities. These custom surveys will identify the community value of events, their role as a part of a wellness and healthy lifestyle calendar, and the satisfaction residents received from attendance.
- **GolfSat Survey** – conducted via the National Golf Foundation this survey is done electronically once a year to measure how the courses are performing relative to prior year and relative to similar courses across the country.

4. Increase Instruction Program Offerings to Suit a Broader Target Market

GOAL – IMPLEMENT 5 NEW PROGRAMS

Action 1 - PGA Junior League. Continue this very strong program in the coming year.

Action 2 - Implement Five New Programs

- Senior Specific Instruction – Provide golf instruction via low cost clinics to seniors who want to learn and enjoy the game of golf. Golf promotes physical activity and can be very rewarding for seniors who are looking to live an active lifestyle.
- Women Only Clinics – Provide safe welcoming environment for new women golfers.
- Parent/Child Clinics – Promoting a healthy activity for the family.
- Preparing for High School – Preparing and creating high school players.
- Little Linksters – Program for kids under the age of 6 to introduce them to the game.

Action 3 – Get Golf Ready Program – This program is designed to introduce players of all ages to start playing golf.

Action 4- Los Lagos also has a reputation of serving the local high school’s golf programs, both boys and girls. We had the following teams play here last year:

Valley Christian JV (boys and girls), Bellarmine JV, Archbishop Mitty JV, Presentation JV, Willow Glen JV, Leland (Varsity and JV), Yerba Buena Varsity, Oak Grove Varsity, Gunderson Varsity, Mt. Pleasant Varsity, Overfelt Varsity, Andrew Hill Varsity, Del Mar Varsity, Independence Varsity, Branham Varsity.

5. Enhance Community Outreach

Synergy from the Community

In our opinion, there is significant synergistic opportunity available by building upon our initial relationships from community leaders in the market. These relationships are critical to our overall plan of enhancing the utility of Santa Barbara Golf Club to all residents and groups.

It is our practice to reach out to these groups in advance to make sure the community, and the leading organizations, are a good fit for our team at CourseCo. We are excited about the quality and quantity of community groups and organizations and we will continue reaching out to several individuals and groups in the region:

Community Focused Approach *“More than just a place to play golf”*

One of the practices that distinguishes CourseCo apart from our competition is the expectation that our facilities host several non-golf events at our properties. The team at CourseCo believes that a golf course should be much more than just a place to play golf. We take this civic responsibility very seriously, and we continue to find new and innovative ways for our golf courses to serve the community. Each year, our golf courses are required to host 5-10 community oriented events that include blood drives, food bank drives, Toys for Tots, Charitable Fund Raisers, partnerships that take golf to local schools, and many more.

We have separated our community inclusive activities designed to maximize “placemaking” at our property in 2017-18. These events are combined as Community, Health and Wellness, Food and Beverage, and Environmental.

Community Placemaking Events

1. **Outdoor Movie Night** – June 9th, 2017
 - a. Advertise in-House with signage
 - b. Advertise through and email to our over 13,000 member database
 - c. Advertise on Facebook through our Facebook Page
 - d. Partner with The First Tee of Silicon Valley to promote the event
2. **Veteran’s Day Breakfast** – November 10th, 2017
 - a. Contact local VFWs to promote event
 - b. Free breakfast to all Veterans



3. **Block Party** – October 2017
 - a. Bring in food vendors and other local businesses to provide party atmosphere
 - b. Golf Games for kids (SNAG) and adults (driving range)
 - c. Invite SMNA and McLaughlin Corridor Neighborhood Associations

4. **Holiday Open House** – December 9th, 2017
 - a. Advertise in-House with signage
 - b. Advertise through and email to our over 13,000 member database
 - c. Advertise on Facebook through our Facebook Page
 - d. Partner with The First Tee of Silicon Valley to promote the event
 - e. Face-Painting, Horse and Buggy rides, Santa
 - f. Putting activities for kids and adults

Health and Wellness Events

1. **11th Annual Saving Strokes Event** – September 20th, 2017
 - a. Partner with American Heart Association for promoting Event
 - b. Over 100 Stroke Victors and their Caregivers have attended in the past years.
 - c. Free instruction for participants provided by local PGA and LPGA Professionals
 - d. Pet Therapy Station
 - e. Art Station
 - f. On-Course three or five hole event
 - g. Speakers during lunch
 - h. Local hospitals passing out information about resources to Stroke Victors.

2. **Free Yoga Series**
 - a. Partner with a Yoga instructor to have small classes at the facility.

3. **Blood Drive** – January 2018 (National Blood Drive Month)
 - a. Partner with a local Blood Bank to promote giving blood

4. **Fun Run** – Spring 2018
 - a. Partner with a local running club to have a 3K or 5K event on the trail and cart paths.
 - b. Investigate a late fall “Zombie Run” as our second run of the year to take place later in the evening after dark with glow sticks lighting the running path

5. **Adaptive Golf Clinics**
 - a. Facilitate free clinics for disabled residents who want to try to gain activity through golf

Environmental Educational Events

1. **Stonegate Elementary Outreach** – October 12th, 2017
 - a. USGA Presentation at the school
 - b. Wildlife Rehabilitation Presentation at the school
 - c. Nature walk down the trail to the clubhouse
 - d. Lunch at the clubhouse
 - e. Fun Golf Game at the clubhouse
 - f. Walk back to school

2. **First Green Event** – September 2017
 - a. Four stations for high school kids to learn about taking care of the golf course
3. **Nature Walks on the Trail** – Spring 2018
 - a. Partner with local Bird Watcher Groups
 - b. Partner with local Fox lady

Food and Beverage Placemaking Events

1. **Friday Evening Bands on the Patio**
2. **Fairways to Fork**- An exclusive dinner done with a local restaurant with food and wine pairings
3. **Glow Ball Tap Takeovers**- Pairing Night Golf with Featured Breweries in the evening

7. Enhance Online Presence

Marketing Technology Manager

CourseCo recognizes the constantly evolving state of today's world, and our Technology Based Marketing Manager is a dedicated employee managing our online presence and sales campaigns. We utilize the power of technology and the internet to help drive golf and sales opportunities.

Our Marketing Technology Manager manages the following internet-based approaches for Los Lagos Golf Course:

- **Search Engine Optimization (SEO)**

Understanding how google ranks and sorts search results is a critical component in today's online environment. CourseCo uses several techniques to ensure our websites are top of page and easily found by online inquiries.

- **Digital Advertising Campaign Marketing**

The traditional yellow page directory has been replaced by online searches. Our online advertising campaigns are crafted to deliver maximum results with a keen

eye on return on investment. Our advertising outlets include Google, Yahoo, Yelp, Facebook and other regional partners.

We will continue to craft custom and unique digital campaigns for Los Lagos golf course, with an emphasis on keeping our golf course top of mind with regional players. These highly targeted and specific campaigns track website traffic, keyword inquiries online, and place our digital advertisements in front of golfers hundreds of thousands of times every year.

- **Social Media**

We have a strong social media plan and execute social media posting and stories on our golf club social media sites several times a week using our integrated partner Hootsuite. Hootsuite allows us to easily integrate stories, regional events, pictures from tournaments, and industry events into our Facebook and twitter feeds seamlessly and extremely fast.

Social Media is an important vehicle that allows customers to feel connected to our golf courses, strengthening our relationship and loyalty. We utilize Facebook, YouTube and Twitter to ensure we are reaching the online community.

- **Online Media**

Partnerships with online media sources have allowed us to negotiate premium rates for our golf clubs, saving our clients thousands of dollars.

June 7, 2017



Los Lagos Golf Course Community Engagement Project

for the City of San José

June 7, 2017

Submitted By:

PlaceWorks

1625 Shattuck Ave, Suite 300

Berkeley, California 94709

Los Lagos Golf Course Community Engagement Project

for the City of San José

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Los Lagos Golf Course Community Engagement Project

In a memorandum to City Council dated May 16, 2016, City of San José Parks, Recreation and Neighborhood Services (PRNS) Director Angel Rios, Jr. made a formal recommendation about City-owned Los Lagos Golf Course. The facility had been the subject of two City audits, which concluded that it was operating only with significant City subsidies, the result of heavy debt service and unrealized development assumptions. “[PRNS] is committed to minimizing operating losses [of the course] and is pursuing a variety of options to increase revenue and manage costs,” he wrote. “By conducting a broad, multi-faceted community outreach effort, the community's voice will inform the City Council's future strategy...as it seeks to maximize the value of the Los Lagos open space relative to the current costs and public benefits of operating a golf facility.”¹

This report contains the results of that community outreach effort. The input of approximately 4,000 San José residents shows that a successful future for Los Lagos Golf Course is one in which minor up-front investment and new initiatives diversify revenue generation on and off the course green, alongside creative programming that expands community use and sense of ownership of this unique recreational space. The perspective of golfers, who have enjoyed quality-of-life benefits of the course for 15 years, will remain vital.



¹ Rios Jr., Angel. May 16, 2016. [Memorandum] *Memorandum to Honorable Mayor and City Council*, Council District 7, pp. 2.

COURSE CONTEXT & HISTORY

At the beginning of 1994, the City of San José was considering various sites for a new public golf course. Following feasibility assessments of several potential locations, a property in City Council District 7 was identified in a March 21, 1994 internal document titled *Golf Facilities Report to the Committee of the Whole*. Unlike other sites investigated this 180-acre property along Coyote Creek, labeled the Tuers-Capitol site after surrounding surface streets, could both accommodate an 18-hole golf course and was already City-owned. Therefore, the report stressed, it would not require “land acquisition costs in the realm of \$50,000,000...that would make a golf course development prohibitive because the debt could not be supported by golf course revenue alone.”²

This initiated the nearly decade-long development of what is now Los Lagos Golf Course. As will be seen, the development process paralleled a series of extremely golf-supportive recreation and demographic trends, trends that would later reverse over the operational lifetime of the course.

FAVORABLE EARLY CONDITIONS

National golf play enjoyed a steady build up from the Tiger Woods-dominated golf market of late 1990s into the early 2000s. Play steadily increased during these years to 30.6 million golfers in 2003, according to the National Golf Foundation (NGF). The popularity of the game saw such a rapid increase, and the target golf market such diversification, that it was thought “the demand for golf would require building a course a day to keep up,”³ explained designer Debbie Sullivan Reslock in the November, 2016 issue of *Planning* magazine. As the City of San José planned what is now Los Lagos Golf Course, many other agencies and organizations were involved in a similar pursuit: 4,000 new golf facilities were built nationally between 1986 and 2005.⁴

These favorable conditions were pronounced in the turn-of-the-century economic boom of the Bay Area. Most golf courses were operating at close to capacity and sustaining greens fee increases well above general price inflation.⁵ Interest in golf was increasing among older, established populations as well as new younger players, and San José was home to a growing pool of both groups: Retirees with large disposable incomes and a new population of younger residents enjoying high-paid, new-economy employment. Both groups continued to feed the demand for area golf courses. By 1996, the six existing public golf facilities within a 15-mile radius of the newly-identified Tuers-Capitol site were deemed insufficient.

PRNS policy at the time defined the levels of service for public golf courses as one per 150,000 residents. With the City’s year 2000 population approaching 900,000 and just two public courses, a new course was

² Qualls, Ralph A. and Johnson, Nancy. May 24, 2000. Memorandum to San José City Council, page 7.

³ Reslock, Debbie Sullivan. November 2016. Goodbye, Golf? *Planning Magazine*, page 30.

⁴ Crittendon, Jack. Golf, Inc. March 28, 2017. *Golf Course Reduction Continues, NGF Reports*.

⁵ Economics Research Associates. March 2008. *Operational Review of City of San José Municipal Golf Course System*, page II-4.

justified regardless of the high-demand demographics described above. A new facility would “address the needs of the "golfers' target population in accordance with...City policy.”⁶

With the quantity of existing and potential golfers in the City steadily increasing, San José began preparing a conceptual plan and market analysis for an 18-hole golf course at the vacant, historically blighted Tuers-Capitol site in January of 1997. The plan was to appropriately transform “one of the only large contiguous tracts of open space remaining under City stewardship”⁷ in a manner consistent with the fact it was formally-dedicated parkland. The proposed course was named Coyote Creek Golf Course. At the time, six new courses were in the development pipeline in the region.

FINANCIAL & CONCEPTUAL PLAN

Master planning of Coyote Creek Golf Course moved rapidly. In October 1997, *Market and Financial Analysis for the Proposed Development of the Coyote Creek Golf Course* was prepared by National Golf Foundation Consulting (NGF Consulting). The findings were consistent with the strong demand for new golf courses demonstrated throughout the region. As stated by the preparers, “Our analysis of the San José market areas demographics, economic climate, theoretical as well as demonstrated demand for golf, the demand for high-quality practice facilities that can be open for nighttime use, market share and financial projections leads us to conclude that the Coyote Creek project can be very successful.”⁸ NGF Consulting concluded that the course would be profitable as long as the debt incurred to develop the facility does not exceed \$9.8 million. Two addendums in the following months raised the debt ceiling to \$14.2 million, but concluded the golf course would remain profitable.

Conceptual planning of the course occurred parallel to the financial feasibility analysis. The process was kicked-off in January 1997 with a discussion of site constraints by the Design Team, a group composed of City staff and the Councilmember-based Golf Course Facilities Task Force. Concept planning progressed through 1997 with community outreach, site visits and adherence to City policies and guidelines. The team’s objective was “a quality golf course that incorporated the existing features of the site, such as the interesting topography and mature riparian forest, into the overall golf experience. Expanding on the natural and historic context a golf course could be created that would be in harmony with the site.”⁹

The work of the Design Team was completed within a year, and the City Council approved the Coyote Creek Golf Course Conceptual Plan in December 1997. In January 1998, the Council authorized initial funding for an EIR, Master Plan and final design development.

UNIQUE ENVIRONMENT & DESIGN

Development of the course Master Plan began in 1998, and progressed concurrent with the Environmental Impact Report (EIR). The major constraint faced by the Design Team was the fact that the

⁶ Qualls, Ralph A. and Johnson, Nancy. May 24, 2000. Memorandum to San José City Council, page 7.

⁷ JMP Golf Design Group. May 2000. *Tuers-Capitol Golf Course Master Plan Report*, page 3.

⁸ JMP Golf Design Group. May 2000. *Tuers-Capitol Golf Course Master Plan Report*, page 63.

⁹ JMP Golf Design Group. May 2000. *Tuers-Capitol Golf Course Master Plan Report*, page 4.

Coyote Creek-bisected site was (and remains) subject to a 1992 riparian corridor policy. The policy requires development projects adjacent to riparian habitats such as Coyote Creek to be set-back 100 feet from the "riparian edge," defined as the outer boundary of creek vegetation or the tree dripline. Forty-four percent of the 180-acre site is considered such a riparian corridor, resulting in a developable area of just under 100 acres. However, as stressed in the Master Plan, "Working with 'nature' the golf course can be carefully incorporated into the many natural features such as the defined terraces and riparian woodland."

A series of preliminary design alternatives was presented to the Golf Course Facilities Task Force in 1999. The group ultimately selected an approximately 5,400-yard, 18-hole Par 68 course, considered an 'Executive' course because it is shorter than a regulation facility. The course was based on a "design approach of integrating native/riparian corridor vegetation and other appropriate non-intrusive existing trees and vegetation with that of the golf course."¹⁰ It also accounted for future development of a pedestrian/bicycle trail on one side of the creek. It included a two-tier driving range, 4,750- square foot clubhouse with outdoor areas, and a 151-space parking lot with 20 event spaces. The proposed course was renamed Tuers-Capitol Golf Course, to avoid confusion with the recently-opened Coyote Creek Golf Club in nearby Morgan Hill.

The City of San José Planning Commission certified the Final EIR on April 25, 2000. That certification was quickly appealed by local environmental groups, which cited the project's lack of conformance to either the riparian, nighttime lighting or trail setbacks. However, City staff determined that increasing the setbacks could compromise the safety of trail users and golfers by placing them in close proximity. They cited the EIR's conclusion that the basic habitat objectives of the riparian policy are met and biological impacts found to be less than significant. In a May 24, 2000 Recommendation to City Council to approve the Master Plan, staff stressed that "Any further reduction in the scope of the Project to further avoid the riparian corridor would negatively impact the feasibility of the Project." The EIR was certified on May 30, 2000. In response to potential impacts to riparian areas, the EIR included a series of natural mitigation areas, to be maintained by the City in keeping with CEQA guidelines.

STRONG START

Immediately upon certification of the EIR, the City Council and San José Financing Committee adopted Resolution No. SJFA-40, "Authorizing the Issuance of Lease Revenue Bonds in the Initial Aggregate Principal Amount of Not to Exceed \$22,000,000." With that, the City of San José Financing Authority, a legal entity separate from the City but governed by the Council, borrowed \$20.7 million in bonds to build Tuers-Capitol Golf Course. Financial outlook remained strong, with new projections showing steadily increasing revenues from \$3.4 million in 2003 to \$4.4 million in 2008.¹¹

The course opened in April 2002 and was renamed Los Lagos Golf Course by the City Council. In May of that year, the City signed a 15-year operations and management agreement with CourseCo. According to

¹⁰ JMP Golf Design Group. May 2000. *Tuers-Capitol Golf Course Master Plan Report*, page 15.

¹¹ E. Wagner Associates, Inc. July 31, 2000. City of San José Council Agenda. Tuers-Capitol Golf Course projections for City Council, Attachment D. September 1, 2009.

the agreement, CourseCo. is to return all net income on a monthly basis, after paying expenses and retaining a management fee. At the request of the City Council, a requirement to pay prevailing/living wage was added, as Section 2.15 of the contract.

Immediately, Los Lagos Golf Course received industry and player accolades for its unique design and environmental qualities. The course was considered challenging to all skill levels. It won repeated Chapter Awards by the Golf Digest Environmental Leaders in Golf; was named a top 10 facility in the Daily Fee category by the NGF Customer Loyalty and Satisfaction Program; was recognized as a Certified Audubon Cooperative Sanctuary in 2004; and in 2005 was a Northern California GCSAA Excellence in Turfgrass Award winner. Course Manager Scot Hathaway was listed among Top 20 Most Admired Golf Operators by Golf, Inc. magazine. The course began to occupy a rare niche among municipal courses: approachable by new golfers, challenging to experienced golfers, and accessible to all players. Los Lagos generated a net income of \$774,525 in its first year.¹²



¹² Albert Balagso, Director of Parks, Recreation, and Neighborhood Services. September 4, 2007. *Initial Review of the Los Lagos Golf Course*, page 4.

CHANGING GOLF TRENDS

The golf trends that carried the development of Los Lagos through the 1990s and into the twenty-first century began to reverse leading up to and beyond the economic recession of 2007-2008. According to NGF, participation in the game dropped from the previously cited peak of 30.6 million golfers in 2003, to 24.7 million in 2014. Similarly, the Sports & Fitness Industry Association reported the number of golfers ages 18 to 30 fell nearly 35 percent between 2004 and 2014.¹³ A recent Bay Area industry report revealed that the number of golfers has declined 20 percent over the past 10 years, with the number of “core golfers”—those age 18 and older playing at least 8 rounds per year—declining 30 percent. The decline in new golfers and lack of player retention, which corresponds largely to a decline in disposable incomes, is affecting courses nationwide. Chris Monti of Bobby Weed Golf Design concurs that even the highest quality courses have been impacted. “As a result,” he explains. “We’re sitting here with a gross oversupply.”¹⁴

Former PRNS Deputy Director Steve Hammack highlighted the new challenges of the golf industry in a January 15, 2016 *San José Mercury News* article titled “Bay Area Golf Courses Struggle to Stay in the Game.” “The business model established when these courses were opened is no longer working,” he stressed. “We’re consistent with the national trends regarding golf.”¹⁵ The article goes on to state that five Bay Area courses closed in 2016.

LOS LAGOS: THE BURDEN OF DEBT

Changes in golf trends, challenges to courses region-wide and initial assessments of San José’s golf facilities led to a series of formal financial analyses of all three of San José’s public golf courses—Los Lagos, nine-hole Rancho del Pueblo and 18-hole Municipal—beginning in 2007. The results indicate that the increase in rounds played needed to cover operational loss at Los Lagos is attainable. It is annual debt service payments that will continue to require City subsidization of the course.

2007 AUDIT

On September 4, 2007, the office of the San José City Auditor audited Los Lagos as part of its 2007-08 Workplan. It found that Los Lagos’ net income had declined from \$750,000 in FY 2002-03, to \$409,895 in FY 2005-06. It concluded that Los Lagos’ revenue would continue to cover operations, but “will not generate sufficient net income to pay the entire bond payment.”¹⁶ The City’s General Fund, it concluded, would continue to subsidize the bond payment at about \$600,000 to \$800,000 annually for the foreseeable future. The audit highlighted that the \$20.7 million bond cost for Los Lagos was \$6 million higher than the estimated \$14.3 million cited in the original 1998 financial feasibility study. In addition,

¹³ Richards, Sam. August 11, 2016. Bay Area Golf Courses Struggle to Stay in the Game. *The San José Mercury News*. <http://www.mercurynews.com/2016/01/15/bay-area-golf-courses-struggle-to-stay-in-the-game/>.

¹⁴ Reslock, Debbie Sullivan. November 2016. Goodbye, Golf? *Planning*, page 30.

¹⁵ Richards, Sam. August 11, 2016. Bay Area Golf Courses Struggle to Stay in the Game. *The San José Mercury News*. <http://www.mercurynews.com/2016/01/15/bay-area-golf-courses-struggle-to-stay-in-the-game/>.

¹⁶ Constantin, Chris. September 4, 2007. Memorandum from Senior Auditor to Albert Balagso, Director of Parks, Recreation and Neighborhood Services, page 3.

the 1998 study had not accounted for the impact of a prevailing wage policy, and as a result underestimated employee wages by about \$570,000 per year. These burdens of debt and wages were cited again in a subsequent, 2008 City-sponsored operational review of City courses.

At the same time, other indicators continued to show that Los Lagos was a valued public resource of relatively strong performance. The 2008 operational review cited a National Golf Foundation Survey indicating that Los Lagos exceeded the National average and local course for course condition and customer satisfaction, with Los Lagos receiving some of the highest player reviews. The audit highlighted that despite unfavorable golf trends, play at Los Lagos had decreased only 2.7 percent from 2003 to 2007, while play at Muni had decreased 9 percent.¹⁷ In addition, “In 2005-06, Rancho del Pueblo had a net loss of about \$131,000 compared to Los Lagos’ nearly \$410,000 net income.” The burdens of Los Lagos were debt load and staff wages.

COUNTY SCRUTINY

Following the 2007 audit, Santa Clara County conducted a Civil Grand Jury Report titled *Los Lagos Golf Course—San José’s Financial Sand Trap*. The report again established that the estimated \$600-800K subsidization of Los Lagos was primarily the result of borrowed bonds rather than operational loss. Its opening statement reads; “Although...Los Lagos was [at the time of the 2007 audit] generating enough income to cover its operating expenses, it was failing to cover the debt service associated with the bonds that were sold to fund the construction of the course.”¹⁸ The County report cited the City’s 2008 operational review, which “notes that Los Lagos has consistently received favorable ratings and awards and should be viewed as a recreational asset to the City. It is particularly important to appreciate that when the debt service on the bonds ceases in 2032 (2027 for Rancho), the combined golf operations will provide substantial revenues and will be in a position to finance other recreational needs of the City.”

Meanwhile, Los Lagos Golf Course continued to provide significant service to the golf community and beyond. It established itself as a consistent tournament location and the focus of the junior golf community, by opening the green to 20+ school teams throughout the City. Its reputation as a uniquely-designed course accessible to all ages and skill levels increased. It supported a series of community programs and organizations, from outdoor education classes for local elementary schools to Veterans’ Day breakfasts. As a recognized bird sanctuary and protected riparian wildlife corridor, it continued to provide a unique recreational experience.

2015 AUDIT

The 2007 audit was followed by a series of internal assessments of the City’s golf courses. All showed a continual decline in Los Lagos’ financial performance, leading to its first annual operating loss of \$15,480 in FY 2010-11. Debt payment for the course remained approximately \$1.4 million annually on its \$26 million outstanding lease revenue bond debt.¹⁹

¹⁷ Constantin, Chris. September 4, 2007. Memorandum from Senior Auditor to Albert Balagso, Director of Parks, Recreation and Neighborhood Services, page 6.

¹⁸ County of Santa Clara. 2008-2009 Civil Grand Jury Report, *Los Lagos Golf Course—San José’s Financial Sand Trap*, page 1.

¹⁹ Edmonds-Mares, Julie. May 25, 2012. *Summary of Municipal Golf Courses*. San José City Council. Attachment B.

The Office of the City Auditor prioritized a second investigation of all three City-owned courses in 2015. In September of that year, it presented *Golf Courses: Loss of Customers and Revenue Requires a New Strategy* to Council. The audit stressed that “City policy and industry practices generally expect golf courses to be financially self-sustaining.” Municipal, which was built in 1968 and carries no debt, was found to produce lease income for the City of \$400,000 in FY 2014-05. However, the audit found that San José subsidizes significant operating losses and debt service at Los Lagos and Rancho del Pueblo. While both courses were found to operate at annual losses of \$300,000, Los Lagos’ annual debt service of \$1.5 million through 2031 was far higher than Rancho del Pueblo’s \$500,000 annually through 2028. Los Lagos requires a General Fund subsidy of \$1.9 million to remain in operation.

The audit again found personnel costs were the largest component of operating expenses: \$1.5 million or 48 percent of the total.²⁰ According to estimations by the auditor, the added cost from prevailing and living wage—unusual in the golf industry—was \$370,000 compared to market wage.²¹ The Auditor’s Report noted that City Council could potentially waive its prevailing/living wage requirements.

The 2015 audit also revealed the potential of a hypothetically debt-free Los Lagos Golf Course. Without required annual debt payments of \$1.5-\$1.7 million through 2031, the facility could sustain itself. The auditor stressed that to break even on operating expenses alone, Los Lagos would need to grow play by 5,000 rounds annually, “which may be attainable.” Operating losses could be transformed through player growth initiatives, and “Los Lagos may potentially turn into operating profits.” The Report concluded that “this appears difficult on Rancho [del Pueblo].”²²

Three policy recommendations of the Auditor’s Report were to 1) maintain the golf courses as they operate, which would demand ongoing subsidization; 2) reduce the heavy debt burden by selling a portion of the land at one or both of the courses, or 3) reconfigure and/or add land on the courses so that they used by a larger cross-section of community members, and “serve dramatically more residents than golf courses.” The Report stressed that “An extensive community engagement process would be needed to assess the benefits and impacts of alternative uses.”

Sale of Los Lagos Golf Course

The potential of proceeds from the whole or partial sale of Los Lagos to relieve its debt burden has been discussed throughout the financial analysis audit processes. The value of the course to golfers and community members notwithstanding, a series of conditions reduces the potential of selling the course as a debt-reduction strategy.

²⁰ San José Office of the City Auditor. 2016. *Golf Courses: Loss of Customers and Revenues Requires a New Strategy*. Report 15-08, page 22.

²¹ San José Office of the City Auditor. 2016. *Golf Courses: Loss of Customers and Revenues Requires a New Strategy*. Report 15-08, page 22.

²² San José Office of the City Auditor. 2016. *Golf Courses: Loss of Customers and Revenues Requires a New Strategy*. Report 15-08, page 35.

Environmental

As previously noted, nearly half the property is protected by riparian setback policy and resulting CEQA environmental mitigation areas. A 3-acre portion of the property near the parking lot also contains contaminated soil and is restricted from residential development. These conditions narrow potential future land uses and would decrease the market value of the property.

Land Use Policy

The Los Lagos Golf Course property is chartered parkland. Per City policy, any proposed conversion of dedicated parkland requires a vote of the general population and could require a significant capital investment. In addition, sale of the property for non-park uses would conflict with PRNS' prioritization of open space and policy of banking existing parkland. Given these restrictions, if the property were sold for conversion to other park or recreational uses, profits would likely not cover the outstanding debt service.

Regulation

As explained in the 2015 audit, Federal tax regulations would restrict private business use at Los Lagos because the course was financed with tax-exempt bonds. Again, this reduces the value and attractiveness of the property as a real asset.

THE LOS LAGOS COMMUNITY OUTREACH PROJECT

In November 2015, San José Mayor Sam Liccardo recommended that the City Council accept the Auditor's Report and the conundrum of Los Lagos: Although a major source of debt, the course is also a valuable recreational and community resource with proven potential, the conversion of which would conflict with regulatory and market realities. He recommended the start of a community engagement process "to discuss how the land currently occupied by the Los Lagos Golf Course could best serve the needs its surrounding neighborhoods" in November 2015. "The City's decisions to get into the golf business in prior decades were mistaken," he explained. "We have an opportunity to think creatively about liberating future taxpayers from this albatross of debt, and to collectively reimagine how this public recreational space might better improve the quality of life of our community...Let's begin the conversation with community."

At the November 17, 2015, City Council meeting, PRNS staff was directed to develop a broad and inclusive public outreach process to ascertain the community's needs, interests, and concerns regarding the current and future use of the Los Lagos Golf Course property.

In May of 2016, PRNS responded by developing a three-part community outreach strategy to solicit feedback, from both golfers and non-golfers, on the future direction of Los Lagos Golf Course. PRNS reiterated that "preserving the existing open space was the ideal outcome of this predicament." Three avenues of feedback were developed to discuss the existing benefits of the course, strategies for increasing course revenue and reconfiguring the course for new uses:

1. An Online Community Survey
2. A Series of Three Community Workshops
3. Ongoing Online Feedback via a City webpage and Online Forum Applications

On its June 7, 2016 meeting, Council accepted the outreach process "for obtaining community input regarding current and alternative uses of park land occupied by Los Lagos Golf Course." The Council directed staff to broaden outreach beyond District 7, stressing that this is an issue that affects all citizens. According to Council member Johnny Khamis, "We should afford residents every opportunity to participate in the input process in order to collect complete data, make sound decisions, and provide the best possible service."

PROJECT RESULTS

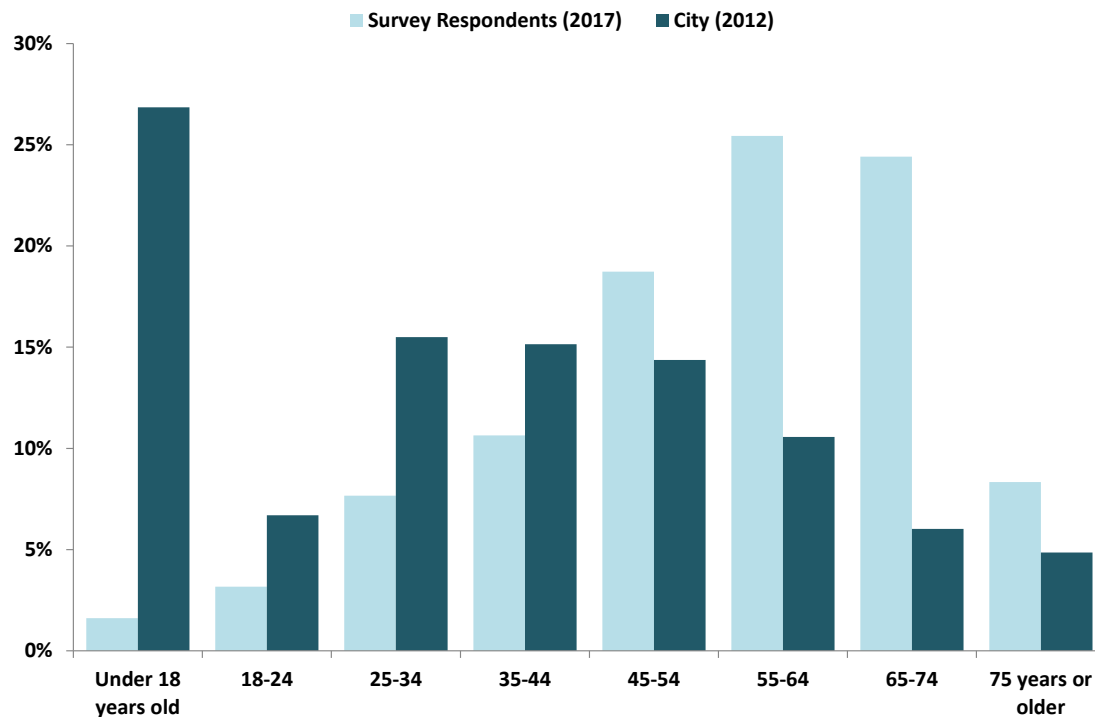
In the following sections, the three outreach strategies listed above are detailed, with responses organized and, where possible, ranked. A series of common themes and majority perspectives on the future of Los Lagos Golf Course are identified. These majority ideas and community censuses will ultimately influence a series of Los Lagos Golf Course policy recommendations that PRNS will present to the San José City Council.

COMMUNITY SURVEY

Parks, Recreation and Neighborhood Services developed a 21-question online survey, with versions in both Spanish and Vietnamese, to quantify perspectives on Los Lagos Golf Course, from the value of the driving range to opinions on whether, and how, the course should be transformed. The survey was publicized in a trilingual awareness campaign, and hard copies of the survey were distributed throughout District 7 and across the City. A total of 3,738 people responded to the survey. Nearly nine in ten respondents identified themselves as golfers, and approximately eight in ten identified themselves as male. The top five zip codes were 95125 (Willow Glen), 95123 (Blossom Valley), 95120 (Almaden), and 95124 (Cambrian Park).

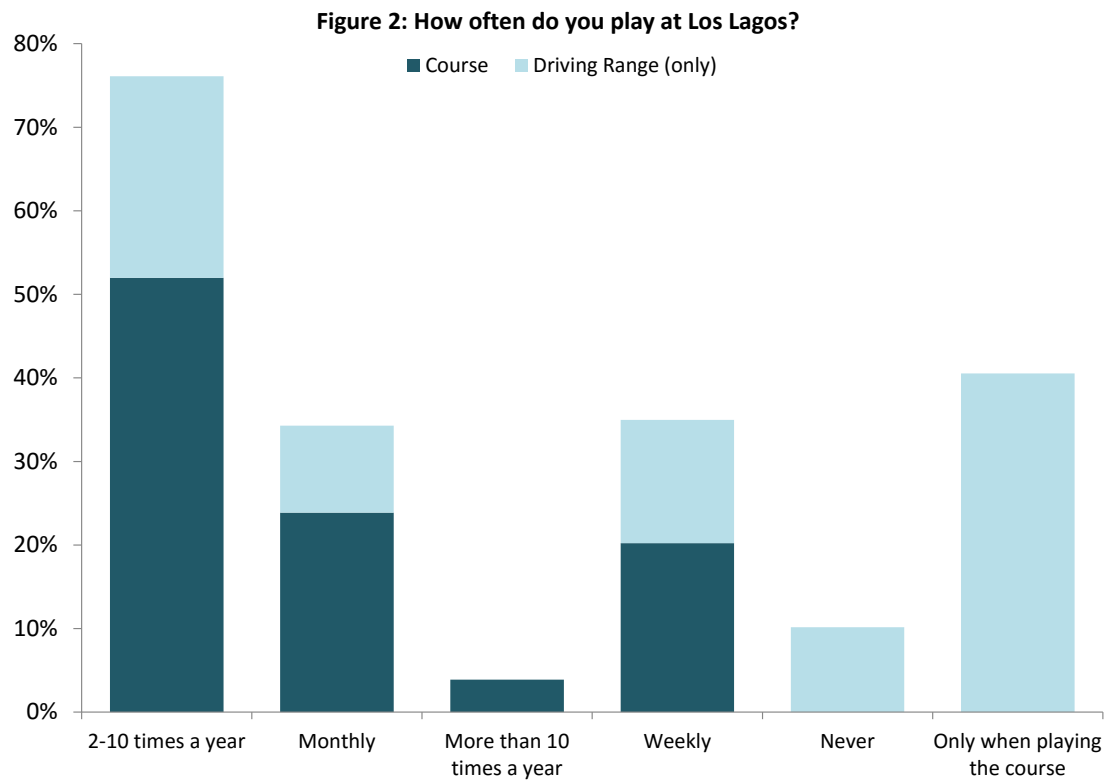
As shown in Figure 1, the majority (69 percent) of survey respondents was between the ages of 45 and 74.

Figure 1: Age Distribution of Survey Respondents



Number of Course Visits

Ninety-five percent of survey respondents play at Los Lagos, a statistic that must be considered throughout the analysis of all survey results. Respondents can be assumed to have a familiarity with course conditions and surrounding areas, and also a personal investment in the course. Figure 2 shows most of the responders play the course every other month, although large groups also much more frequently: Two in ten golfers play Los Lagos monthly, while two in ten play weekly. The driving range is clearly valued as an accompaniment to the course experience, with only 10 percent of responders claiming they never use it. Four in ten respondents utilize the driving range only when playing at the course. If not playing the course, most respondents utilize the driving range between two and ten times per year. Further, 8 in 10 respondents would not use the driving range if the course was no longer there.

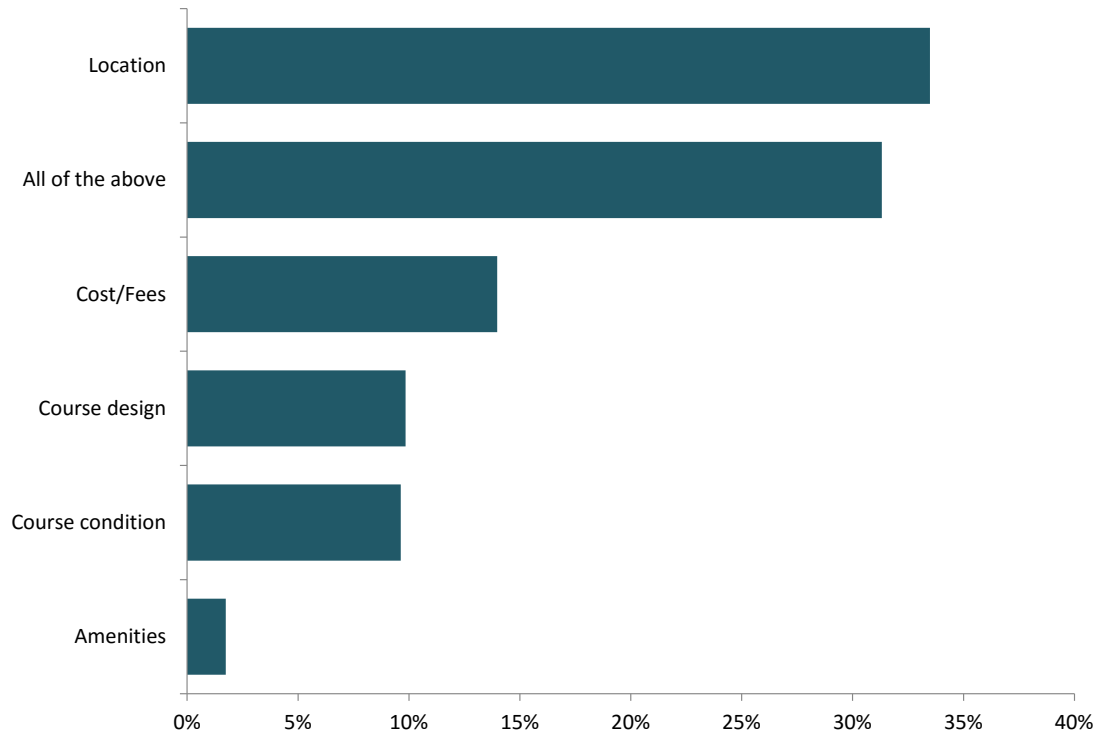


Reasons for Playing at Los Lagos

As shown in Figure 3, the main determinant for why responders play at Los Lagos is location. However, this is followed closely by the “All of the Above” category, referring to the full suite of course characteristics— design, condition, cost/fees, location, and amenities. As will be seen in sections below this sentiment was repeated at the three community workshops, with location cited as a benefit yet clearly not the dominating single factor. Hundreds of survey responders qualified their responses with positive reviews of the course, stating, for example, that *“The staff is excellent,”* or that it is *“A nicely maintained challenging convenient cost-effective course.”* Among those who replied “All of the Above,” some elaborated as follows:

- *“I play there for all of the reasons. However the design is probably the primary reason, as the course offers a selection of holes that is unmatched in the area”*
- *“All reasons listed apply, but Course Design is highest. Variety of challenge is excellent: hills, water, undulating greens, short and long game. And walkable.”*
- *“Amazing balance of nature and sport. Not a great golfer and can still have a nice time”*
- *“As a novice, I find Los Lagos affordable, fun, and challenging. It’s a course that presents golfers a pleasant and challenging course close to home.”*

Figure 3: Why do you play at Los Lagos Golf Course?



Location was also the primary factor in why survey responders claimed to not play at Los Lagos. Of the 315 responders who answered that they play golf but *do not* play at Los Lagos, 44 percent claimed location as the reason. Twenty-eight percent cited cost/fees. The remaining 28 percent of non-Los Lagos golfers cited course condition, design or amenities as the reasons. Many elaborated in open comments, explaining that the difficult walking environment of the course, the homeless population, and poor clubhouse/food services were deterrents to their visits.

As will be seen in sections below, many of these positive and negative sentiments were repeated by participants of the community workshops.

Course Improvements and Future Direction

Previous results indicate that responders appreciate the unique character of Los Lagos. Still, seven in ten golfers feel that improvements to the course are needed. A group of survey questions aimed to identify the nature of those improvements. The results of these questions, which asked respondents to rank items by priority, were given a weighted average. As shown in Figure 4, survey respondents feel that the course would benefit more from operational and off-green improvements than from physical course upgrades. For example, improved marketing and cleaning up Coyote Creek were prioritized most highly, followed by upgrades to course amenities. Improved management and upgraded course condition were considered low priorities.

Figure 5 shows that responders' highest priority for the future of Los Lagos is, not surprisingly, that it remain an 18-hole municipal golf course. Lower priorities included two course redesign options: The reconfiguration of Los Lagos into a multi-use public park with smaller golf course, and reconfiguration into a multi-use public park without a golf course. The option to convert the course to inaccessible protected space was ranked last.

Most responders identified the fact that they play golf at Los Lagos as the main reason why they want to see the course left as is, again predictable given the great majority of survey responders are local golfers. Figure 6 shows the remaining list of reasons, which includes "It is a needed City sports facility", followed by affordability, location, and environmental value.

No clear majority emerged in the response to the question "If you feel Los Lagos should be transformed, why?" As shown in Figure 7, responders cited "Not enough people use it," "It requires too much water," "It does not fulfill the needs of the local community," and "It costs the City of San José too much money" nearly equally.

Figure 4: What improvements to Los Lagos Golf Course are needed?

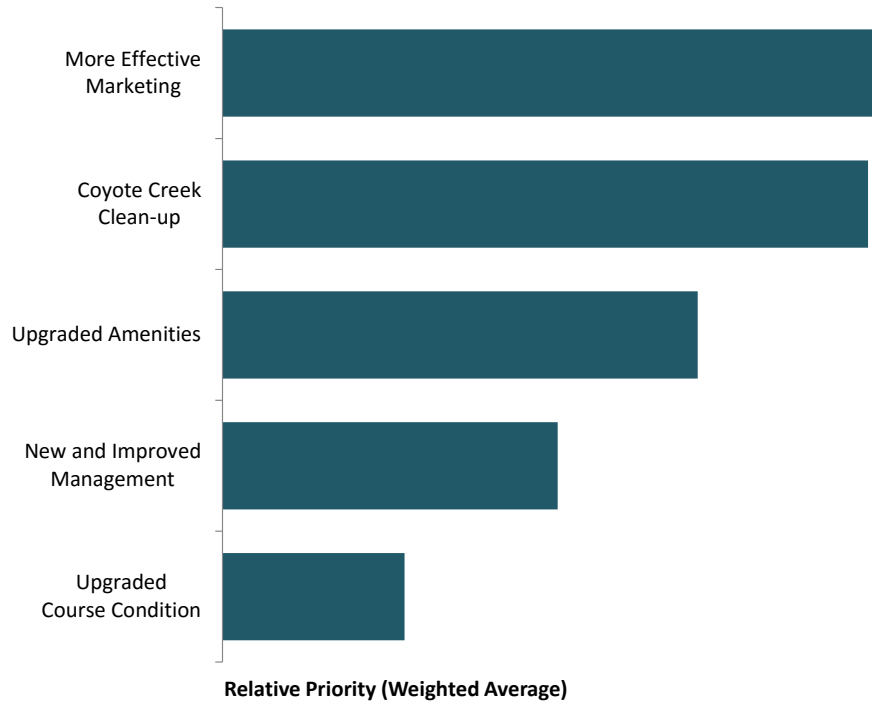


Figure 5: Ranked priorities for the future of Los Lagos Golf Course

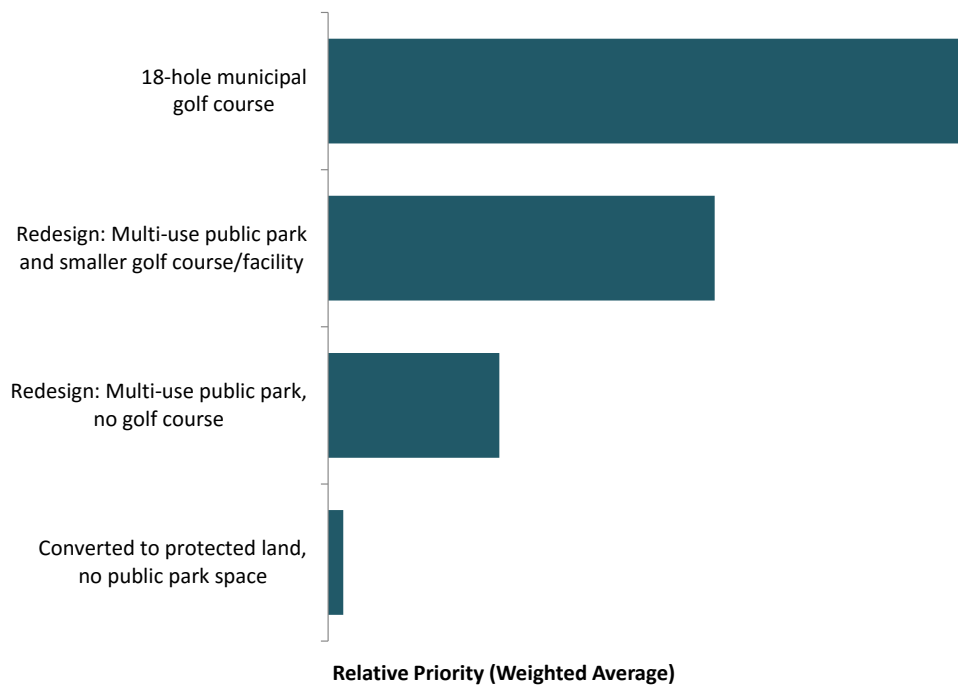


Figure 6: If you feel Los Lagos Golf Course should remain as is, why?

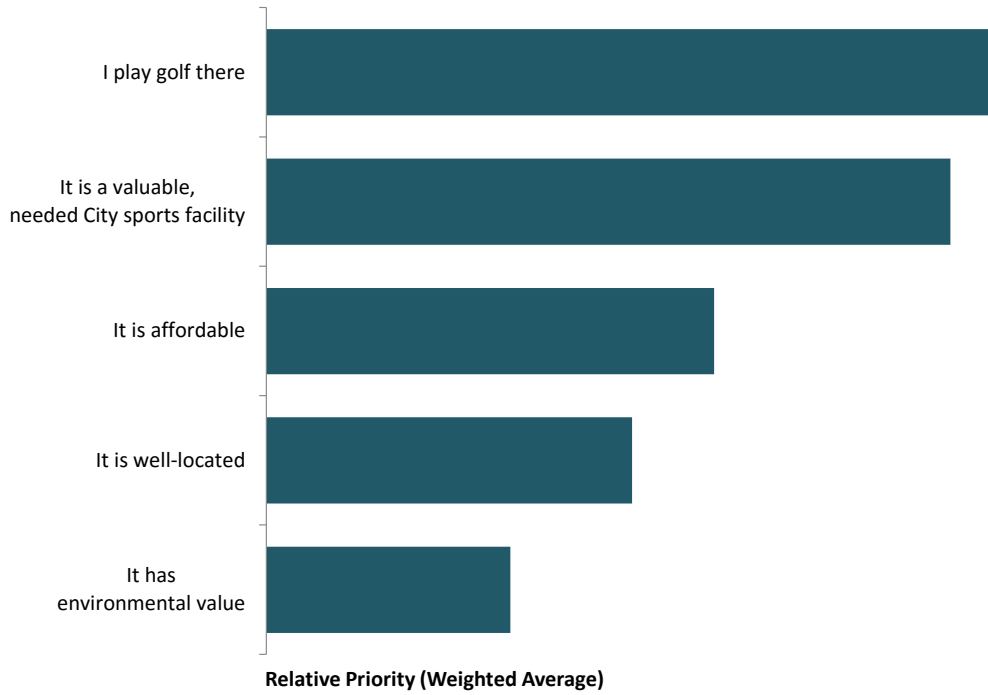
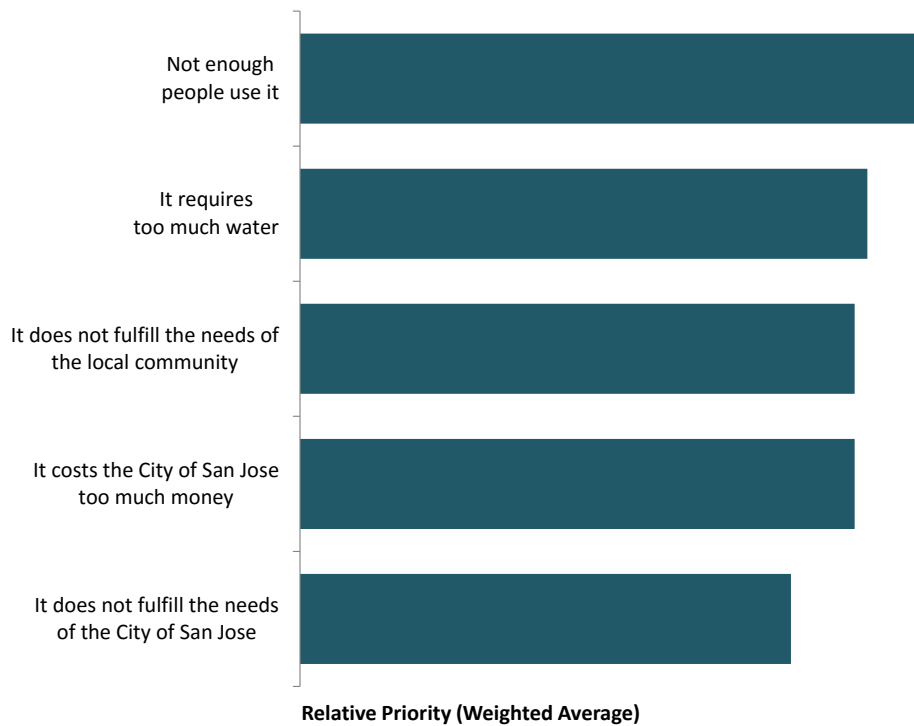


Figure 7: If you feel Los Lagos Golf Course should be transformed, why?

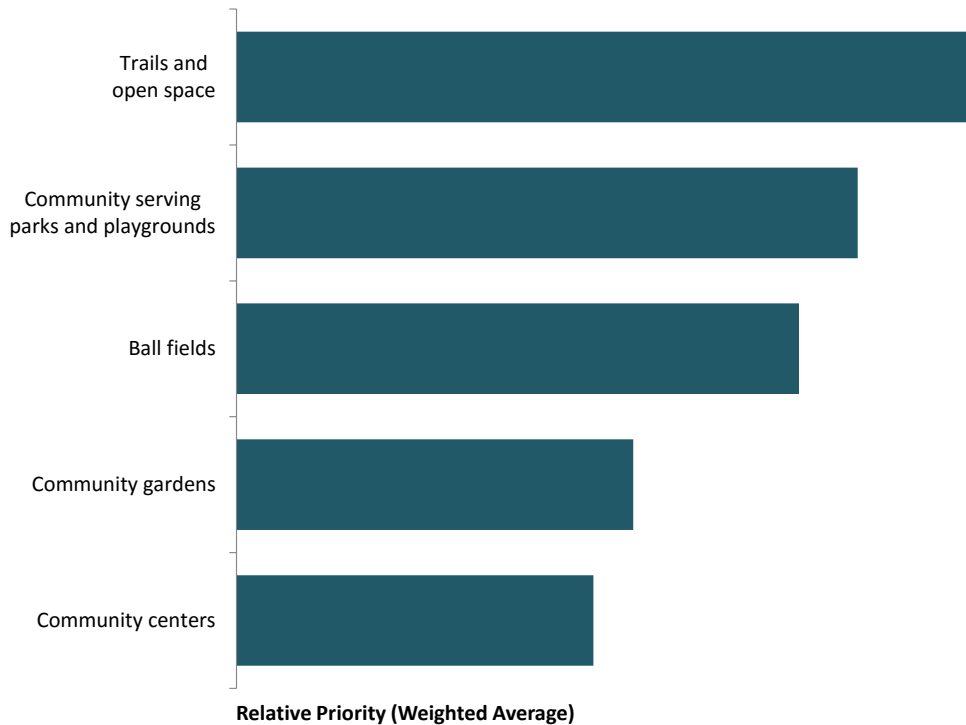


Community Needs

The community survey sought to understand what residents immediately surrounding the golf course felt about existing neighborhood recreation spaces. Of the 3,574 individuals who responded to the question “Do you live within 5 miles of the golf course?” 46 percent, or 1,632 people, answered yes. Of those individuals, 22 percent felt that new recreation and park spaces were needed in the area. Trails and open space, community serving parks & playgrounds, and ball (soccer, baseball, etc.) fields were cited as the most necessary.

In order to gather information regarding broader community needs, survey responders outside the five-mile course radius were also asked to prioritize categories of new recreational uses. Although the vast majority of survey responders are clearly golfers that value the course, the high number of responses to this question highlights that the larger community has similar recreational needs as the as the immediate community. As shown in Figure 8, community members feel that trails and open spaces are most needed in the area, followed closely by community-serving parks and ball fields. The results of the three workshops, detailed in sections below, also reveal that the accommodation of new and improved trails on course property is a top community value. Survey results parallel feedback collected during the workshops in other ways as well.

Figure 8: What new recreation and park spaces are needed in the area?



COMMUNITY WORKSHOPS

This outreach process was founded on a series of community workshops, open to all interested residents. The purpose of the workshops was to facilitate discussion about the benefits and future of the golf course, and record all ideas. The planned location of the workshops, at three of the City's Community Centers, was designed to bring the outreach process to residents of District 7 and the entire City, as recommended by City Council. The input of the 211 total San José residents who attended these events will shape Council recommendations about the future of Los Lagos Golf Course.

All three workshops contained the same content, format and facilitation process. Each opened with an Introduction by PRNS leadership, followed by a presentation of the value and current challenges of the course. Participants were divided into discussion groups of seven to eight members. Each group was joined by a staff facilitator, who led the group through the following questions:

1. What are the major community benefits of the course to both golfing and non-golfing residents?
2. What methods would allow the course to continue to operate, while improving cost recovery and reducing financial impacts to the City?
3. How could the course be reconfigured or changed to accommodate new uses and broaden community benefit?

A designated reporter from each group shared the group's ideas with the entire workshop. All comments from all groups were recorded and collected for integration into the final report to Council.

WORKSHOP 1: CAMDEN COMMUNITY CENTER

The first workshop was conducted on February 2nd, 2017 from 6:30 p.m. to 8:30 p.m., at Camden Community Center, which serves Districts 1, 6, 9 and 10 but is open to all residents. Angel Rios, Director of PRNS, welcomed participants and introduced the project. Seventy-four people attended the event. Participants were divided into 10 discussion tables.



WORKSHOP 2: BERRYESSA COMMUNITY CENTER

The second workshop was conducted on February 15th, 2017 from 6:30 p.m. to 8:30 p.m., at Berryessa Community Center, which targets Districts 3, 4, and 5 but welcomes residents Citywide. Matt Cano, Assistant Director of PRNS, introduced the project. Thirty-eight people attended the event. Participants were divided into six discussion tables.



WORKSHOP 3: ANDREW HILL HIGH SCHOOL

The third workshop was conducted on March 11th, 2017 from 9:30 a.m. to 11:30 a.m. Flood recovery at Seven Trees Community Center required relocation of the event to nearby Andrew Hill High School, and was intended to serve Districts 2, 7, and 8. Again, residents from across the City were welcome to attend. Marybeth Harasz, Deputy Director, Capital and Planning of PRNS, introduced the project. Ninety-nine people attended the event. Participants were divided into 14 discussion tables.



WORKSHOP AWARENESS

Staff of PRNS implemented a multi-media, trilingual publicity campaign to ensure that communities citywide participated in the Los Lagos workshops. The Department's avenues of outreach included:

- Updates to the City's webpage.
- Digital and hard copy fliers in English, Spanish and Vietnamese.
- Trilingual postcards sent to 3,400 addresses in neighborhoods around the golf course.
- Print noticing in San José's Spanish-language *El Observador* newspaper.
- Print noticing in *San José Mercury News*.
- Digital advertisements on Vietnamese community website *Chopsticks Alley*.
- Trilingual informational banners hung at each community center.

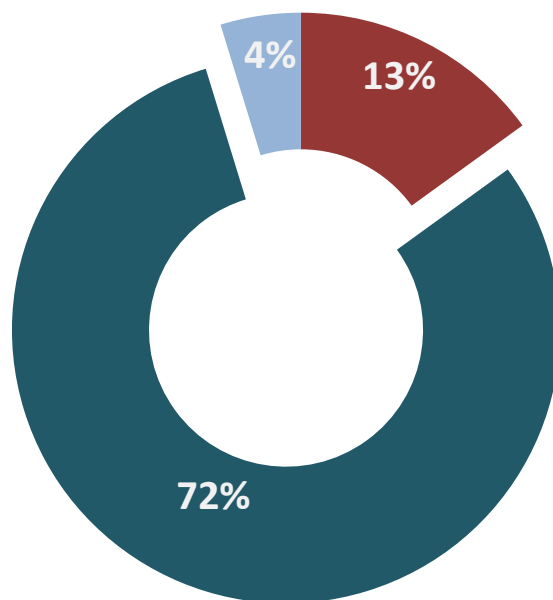
WORKSHOP FEEDBACK

Workshop participants shared a wide range of ideas and solutions in response to the three questions listed above. In order to quantify that feedback, all discrete responses recorded at every workshop table—totaling just over 600 ideas—were organized into categories for each question. By tallying the number of responses within these categories, trends in the community’s response to the three questions emerge.

The first significant statistic is the number of responses—across all tables at all workshops—that were recorded in response to each question. As shown in Figure 10, 72 percent of all discrete ideas that came out of the workshops were responses to Question 2: Methods to improve cost recovery. On the other hand, only four percent of ideas were responses to Question 3: Ideas for reconfiguring the course. This is evidence that workshop participants had a higher degree of energy and creativity during cost-recovery brainstorming, and were less open to course reconfiguration.

Figure 10: Share of Community Feedback by Category

■ Benefits to Community ■ Cost Recovery Strategies ■ Reconfiguration Strategies

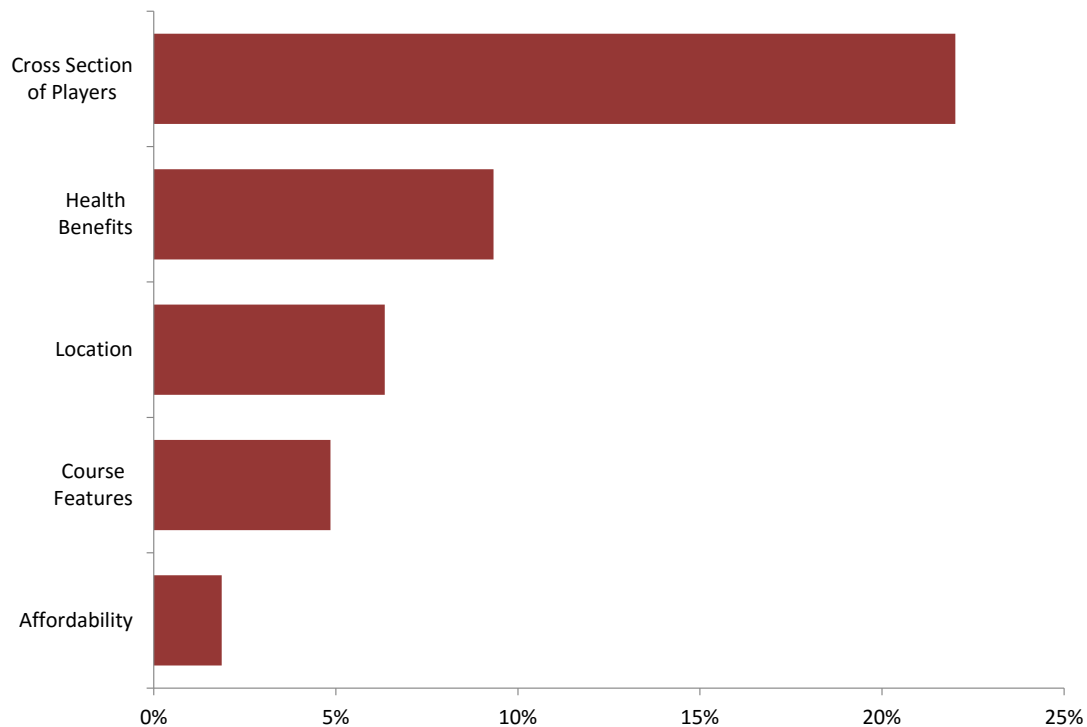


Question 1a: Benefits of the Course to Golfers

Five categories of golf-specific benefits of Los Lagos Golf Course emerged during the community workshops. Figure 11 ranks these categories by the number of discrete responses within each. It shows that the appeal of the course to a wide cross-section of players is considered by far its biggest golf-specific benefit. This is followed by perceived health benefits, and then the location of the course.

- **Cross-Section of Players** refers to the accessibility of the course to all ages and groups. Comments focused on junior golf practice, senior-friendliness.
- **Health Benefits** refers to the value of the course to personal and physical health. Comments focused on the fact that course is a needed recreational space, and that golf is a good alternative to team sports.
- **Location** comments focused on the fact that Los Lagos has neighborhood accessibility and that there are limited public courses in the region.
- **Course Features** comments highlighted the unique, challenging course layout, the fact that tournaments are hoisted, and the good condition of the greens.

Figure 11: Benefits of Course to Golfers

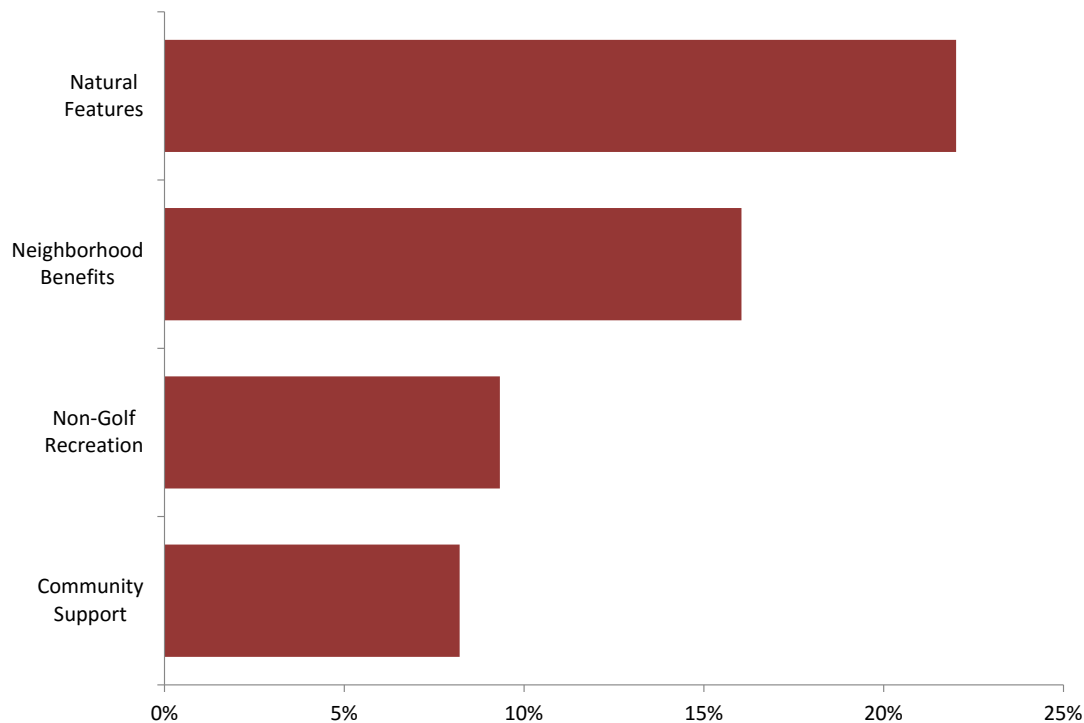


Question 1b: Community-Wide Benefits of Course

Question 1 asked responders to separate the golf-specific benefits of the course from its community-wide benefits. As shown in Figure 12, when the benefits of the course are broadened beyond the sphere of the golf community, it is the natural features of the site are considered its greatest benefit. As demonstrated in previous sections of this report, this value has been described repeatedly throughout the life of the course. This is followed by neighborhood benefits, the value of non-golf recreation, and community support.

- **Natural Features** refers to the unimproved environment and elements of the course property; according to participants these include wildlife assets, needed open space, and Coyote Creek/riparian space.
- **Neighborhood Benefits** includes the positive influences of Los Lagos on surrounding neighborhoods, such as property value increases, crime reduction and low traffic impact.
- **Non-Golf Recreation** refers to other recreational elements on the course property that are accessible to the public. Coyote Creek Trail and the existing bike path were identified.
- **Community Support** refers to community outreach, programming and education programs facilitated by Los Lagos, such as event hosting, community services and outdoor education.

Figure 12: Community Benefits of Course



Question 2: Cost Recovery Strategies

Workshop participants contributed the greatest number and diversity of ideas for increasing revenue at Los Lagos Course. These comments fell into six basic categories, and Figure 13 shows that ideas for generating New Non-Recreation Revenue were most prevalent. Three categories of closely-ranked ideas followed: Increase Direct Revenue, Restructure Financing & Management, and Increase Golf Play.



New Non-Recreation Revenue refers to ideas to increase revenue generation via paid, non-recreational programs on Los Lagos property. The following two types of ideas dominated this category:

1. Event hosting, including corporate events, paid neighborhood/community festivals and outdoor summer events.
2. New clubhouse revenue, via an improved public restaurant, revamped food service and bar/alcohol service.

Increase Direct Revenue refers to ideas for generating revenue that do not require new programs, course changes, or new users. The most highly-cited idea was to increase green fees or implement a resident/non-resident fee structure. Workshop participants also highlighted possible fundraising and retail sales strategies.

Restructure Financing/Management refers to ideas for improving back-end management and operation of the golf course. Community members suggested restructuring course management, refinancing debt, and exploring staffing and wage changes.

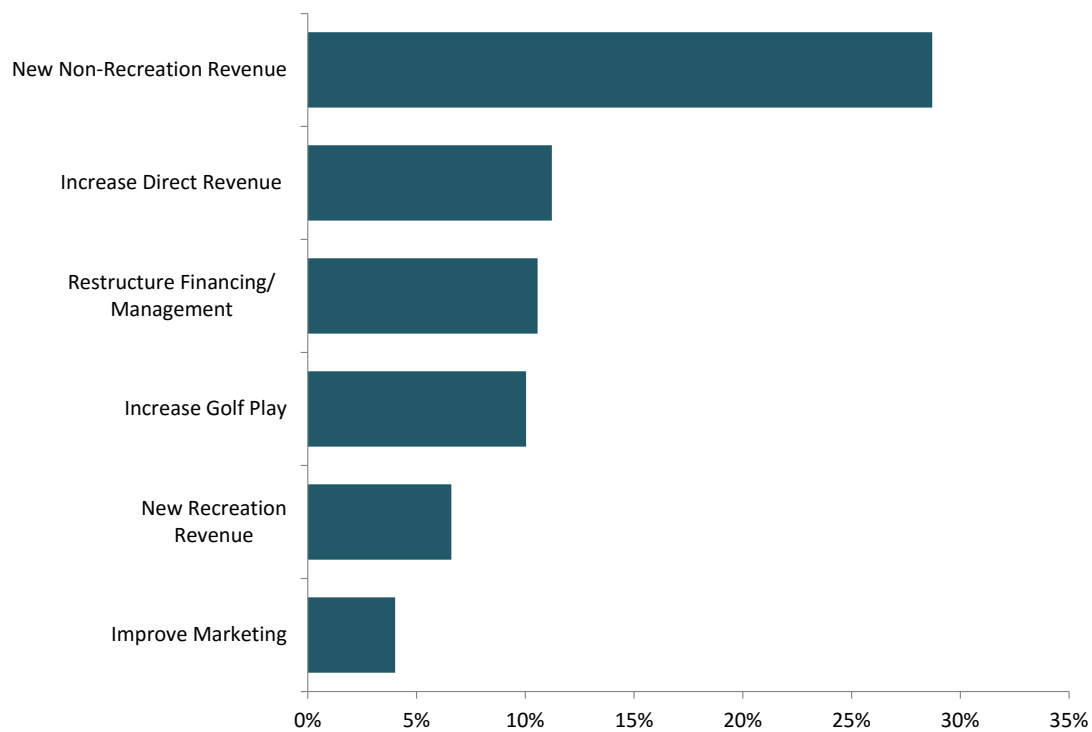
Increase Golf Play includes ideas for boosting the number of rounds played by improving the overall course experience. Community members cited the potential of:

1. New initiatives such as tournaments, evening/summer clinics, and childcare.
2. Incentive programs such as membership packages and golf/food discounts.
3. New practice features, including a chipping area and sand traps.

New Recreation Revenue includes ideas for accommodating new paid, recreational activities on the course itself. Disc/Frisbee golf and Footgolf dominated these comments.

Improved Marketing refers to comments targeting revenue generation through increased and more strategic marketing and promotion. Community members stressed the need for a modernized online and social media presence, more creative, youth-based outreach and promotions, and ongoing print advertising.

Figure 13: Cost Recovery Strategies



Question 3: Course Reconfiguration Strategies

Responders to the Community Survey voiced strong support for maintaining Los Lagos as a municipal golf course. Predictably given the survey results summarized above, workshops attendees demonstrated hesitancy in developing course reconsideration ideas— the total number of different responses to this question is far below that of the other questions (see Figure 10). Participants reiterated confusion as to why Los Lagos was targeted by the study. “Take out the worst one [Rancho del Pueblo], not the best” was a common refrain during table discussions, along with statements that closing or reconfiguring the course would not remove the debt burden, and is thus unnecessary. These sentiments prevented the generation of ideas to the degree of in response to Questions 1 and 2.

However, the ideas that were discussed demonstrate the community understands the potential of the course as a larger asset, and is willing to explore strategic physical changes to the course.



As shown in Figure 14, of the three categories of reconfiguration ideas exchanged, the one voiced most frequently was changing the course to accommodate new uses. This was followed by ideas for reconfiguring the course in ways that do not facilitate new uses; and then rejection of course reconfirmation.

Reconfigure for New Uses includes the community’s ideas for design changes to increase and expand the range of Los Lagos users. The following comments occurred most frequently in that category:

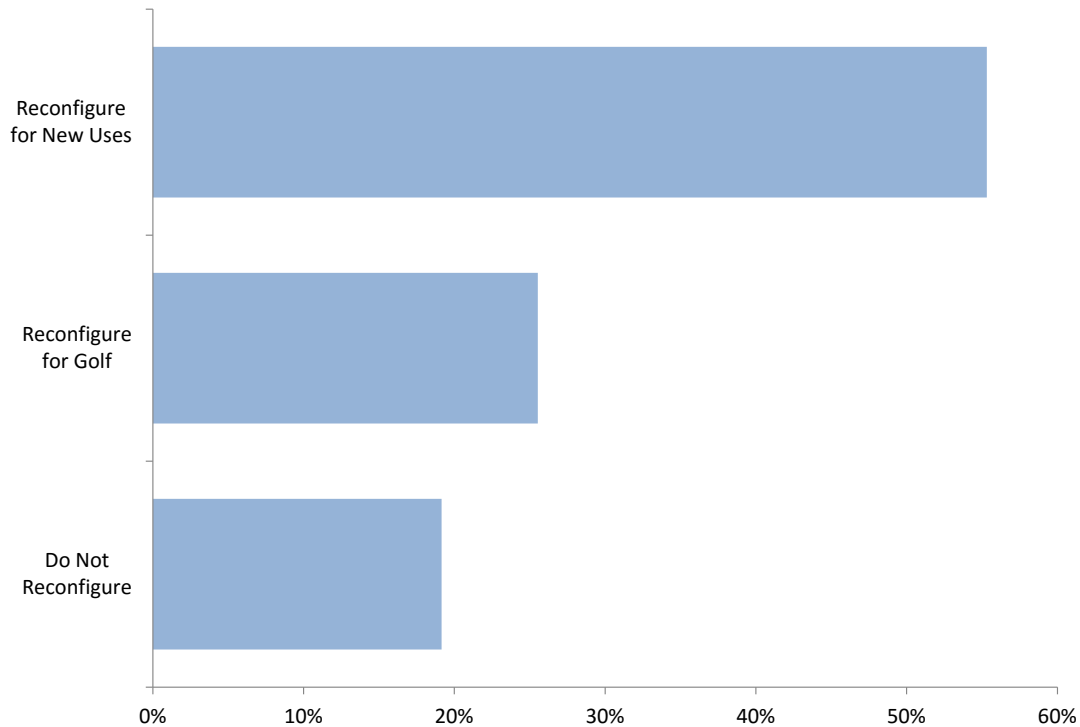
1. Accommodation of soccer, including:
 - Field in driving range space
 - Night soccer on course
 - Explore spaces for dedicated fields on course
 - Add space for soccer field
 - Soccer field(s) on holes 13/14
1. Improve and expand hiking and cycling trails using course space.
2. Transform driving range into new uses.

Reconfigure for Golf refers to changes to the course that are not intended to attract new users, but rather improve the course and increase its currency among the golfers. Of the small number of comments in this category, the following two occurred most frequently:

1. Reconfigure the course to a par 72
2. Make the entire course pars 3 and 4

As noted above, **Do not Reconfigure** refers to straightforward rejections of any reconfiguration of the course.

Figure 14: Reconfiguration Strategies



ONLINE FEEDBACK

Parks, Recreation and Neighborhood Services developed a dedicated webpage for the project. Visitors were directed to a discussion forum at neighborhood share site Nextdoor.com. Consistent with PRNS standards, the Los Lagos Golf Course discussion board was kept active for 24 hours. Residents were then prompted to direct project comments to appropriate PRNS staff.

A total of 41 individual comments were submitted to Nextdoor.com. Because many of these comments were part of larger discussion threads that evolved in subject matter, they are more difficult to quantify and categorize than survey or workshop results. These comments focused less on support for or against maintaining the golf course, and more than on the general environmental and neighborhood value of open space and the desire to see the property go undeveloped. Sentiments here were consistent with feedback concerning course benefits that was received at the community workshops.

Although suggestions for alternative uses and reconfiguration were minimal, it should be noted that a group of commenters made strong cases for the value of disc golf on the course, including its popularity among young people, minimal environmental and financial impacts, and proven success at other parks. These are all consistent with arguments heard at the workshops.

Feedback from Nextdoor.com also revealed an ongoing challenge that City Council has highlighted over the course of Los Lagos study: community misperception. In his November 17, 2015 Memo to Council, Mayor Liccardo stated that “It would help for the Council to establish guiding principles for the re-use of the site, to ensure that the community is not distracted by misinformation that the Council isn't willing to consider.”

The anonymous nature of the Nextdoor.com forum, the ability for responders to access online information, and the back-and-forth commentary revealed that this problem persists, particularly pertaining to two issues that PRNS and the City Council will need to negotiate in the communication of course policy:

1. Confusion about the City’s focus on Los Lagos Golf Course
2. The influence of homelessness on perceptions of Los Lagos Golf Course

Why Los Lagos?

“Now they want our golf course and open space,” wrote one Nextdoor.com user. *“Minuscule little parks in the middle of 3 story housing are lip service only for open space.”*

The comments of multiple Nextdoor.com users mirrored sentiment raised by some participants of the community workshops: There remains confusion among community members as to why Los Lagos is the target of study and potential new policy. This leads to frustration, speculation, incorrect facts, and the perception that the future of the golf course has already been established.

One commenter expressed confusion directly. *“I understand [Los Lagos] meets 90% of its expenses of operations...”* he/she wrote. *“It is being singled out by a few in City Hall and for reasons that are not apparent to all in this discussion.”* Other users formed their own assumptions, most of them related to the idea that the City of San José will ultimately develop the site—a future that, as noted, conflicts with

PRNS's open space banking policies, and the fact that the property is chartered parkland. *"Hopefully this is not yet another land grab opportunity for the City to gift to developers,"* wrote one user. Another commenter asked *"Is this a golf course that the city is considering selling to real estate developers -- for more high density housing?"*

Other comments included incorrect information about the financial status of the course, its connection to other real estate projects, and the influence of specific course features on the decision to study Los Lagos. This feedback makes clear that as PRNS and the City Council move forward with discussions and adoption of golf course policy, it will be important to educate the community throughout the process, and respond to questions and concerns with a level of outreach equal to the precedent established by the current project.

The Homelessness Challenge

Forty-four percent of the comments received via Nextdoor.com either focused on, or referenced, homelessness. These comments revealed the variety how the homeless problem in and around Coyote Creek will continue to influence community ideas about the future of the golf course. Many comments paralleled the sentiment revealed by the community survey, in which responders ranked cleaning up the creek high among strategies for improving the course.

To some commenters, the homeless problem justifies leaving the course as is: *"No public parks cause [sic] all there will be is a bunch of homeless and gangs hanging around."* Others argued the opposite, noting that a change in the golf course would promote a strategy for the addressing the homeless problem, or that the existing homeless problem rendered the course in need of change in the first place: *"The homeless for several years lived on the course. I got to the point, several years ago, [of] cease playing golf at the facility. The city of San José needs to determine if the golf course should be shut down..."*

The most extended conversation on the discussion board focused on housing the homeless at Los Lagos Golf Course. *"[This project] has more to do with housing the homeless population than to create a soccer field,"* wrote one individual. This comment initiated a discussion thread centered on the assumption that Los Lagos has been earmarked for the development of assisted housing, and that the development of specific homeless facilities in the area is directly associated with the current Los Lagos outreach effort. *"The very people which started this targeting of Los Lagos Golf Course for closure are the very same people which signed off on the 2500 Senter Road project for the nation's largest experiment in permanently housing (85 years) of the mentally ill..."* stated one commenter. *"Be aware...of those who want to change it from a paying concern into another form of low income housing,"* agreed another. Other commenters stressed that losing the course, in combination with a new homeless facility, would ultimately *"merge the neighborhood with the jungle"* and contribute to an overall loss of neighborhood quality of life.

Although a small sample, this feedback, combined with survey and workshop results, indicates that the political future of Los Lagos will be difficult to disengage from the politics of homelessness. Within District 7 and throughout San José, there are multiple perceptions of the impact of the local homeless populations, and approaches to the homeless challenge. Developing a strategy for the future of the golf course will highlight these differences. As noted above, the City must remain receptive to incoming feedback and outgoing education as the Los Logs Golf Course political process continues.

COMMUNITY RECOMMENDATIONS

The outreach results presented in this report, combined with input from past course analyses, provide a strong foundation for identifying community recommendations for Los Lagos Golf Course. The following collectively-developed strategies represent the goal of representing the needs and interests of diverse San José residents; and maximizing the community, recreational and fiscal value of the golf course.

1. *Maintain City ownership and recreational land use of the Los Lagos property.*

As highlighted throughout this and past reports, there are environmental, political, and regulatory barriers to the non-recreational development of the Los Lagos property. Community feedback solicited during this project has further established a set of great community benefits— neighborhood asset, provider of physical and human health, social service support system and wildlife resource—that are dependent on the property’s public open space status. Sale profits from the suppressed market value would likely not justify the loss of existing and potential community value.

2. *Approach the Los Lagos property as a multi-faceted community park that includes a golf course, rather than a golf course surrounded by parkland.*

Residents’ feedback reflects the fact that Los Lagos Golf Course is chartered parkland built along the Coyote Creek Park Chain. Increased use and financial sustenance of the 100-acre golf course will depend on a holistic approach that maximizes the many values of the entire 180-acre property and assumes a diverse group of stakeholders. The environmental awards received by the course over the last decade testify to the influence of the riparian environment on the course, and the degree to which non-golfers recognize and value that environment. Throughout the outreach process, participants highlighted the “Natural Features” and “Wildlife” of Los Lagos Golf Course as the major benefits of the facility to non-golfers. The potential recreational and passive value of the property to bird-lovers, walkers, cyclists, families and others must be realized alongside that of the golf course itself.

3. *Explore and establish new non-recreational revenue streams.*

As stressed in the summary of community workshops above, participants expressed the greatest amount of energy and ideas for increasing operational revenues of the course. There is an established perception of the property as unique neighborhood and open space refuge, and the financial potential of outdoor and indoor “Non-Recreational Revenue” was deemed highest of all new revenue strategies by the community. The City should work with course management and to widen the target market and services provided by the facility, from that of a golf course into that of a unique, paid community and event center available for:

- Weddings
- Corporate events
- Large family parties
- Lectures
- Etc.

4. Explore and establish new recreational revenue streams.

Contingencies of the local disc golf communities were well-represented, well-informed and well-organized at the workshops and via their responses to the survey. The groups cited the low cost of implementation, multiple existing active player communities throughout the South Bay and in Santa Cruz, lack of disruption to the course and wildlife, and the success of Kelley Park disc golf and Park LaRaza disc golf in terms of neighborhood improvement and acceptance. Other golf-course based games with the potential for new revenue include:

- Footgolf
- Archery

The City should support Los Lagos management in educating itself on the value of these games, and then coordinating with disc golf and other communities to develop a schedule of fees and allotted days/times dedicated to non-golf uses of the course green.

5. Diversify public utilization and sense of ownership of the course property.

The community outreach process revealed the challenge of balancing subsidization and utilization with respect to a public facility. It is unlikely that the City's General Fund subsidization of the golf course will be fully eliminated, and therefore policies to increase revenue must be paired with policies to increase the value of the course to City residents. Workshop participants identified the value of "opening up" the course to the wider public and establishing the facility as a unique public gathering space. Ideas included but were not limited to:

- Summer concerts
- Outdoor Community Events
- Family Picnic Days

6. Establish an improvement plan for Coyote Creek Trail and Bike Path.

Coyote Creek Trail maintained a strong presence throughout this project, described as a unique resource, community benefit, environmental resource, and necessary target of course improvement. Many participants were unaware that the trail existed at all. Golfers, hesitant to reconfigure the course in any way, conceded that reconfiguring the trail and bike path, even though it may impact the course, would be acceptable. The San José Trails Network should work to raise awareness of the Trail, explore physical improvements and approach the resource in a manner consistent with Recommendation #2—as part of a larger community park.

7. Develop a marketing strategy targeting young and future golfers.

The results of the survey and community workshops indicate that Los Lagos suffers from lack of awareness; that it is a "secret gem." While most survey responders and workshop attendees were over the age of 45, Los Lagos Golf Course has access to a valuable golf resource that other area courses lack: A large pool of young golfers from over twenty public and private high schools. Management must work

with this base of the future golf community to improve marketing and perception of Los Lagos via online strategies, facility styling and services, mobile applications, community outreach, and social media.

8. Explore refinancing bonds and restructuring wages.

Many workshop attendees assumed that the financial “rescue” of Los Lagos would begin with debt restructuring and refinancing. As referenced in the 2015 Auditor’s Report, as of June 2015 the City of San José Financing Authority owed bondholders \$4.5 million in principal, and interest payments totaling \$1.4 million through 2028. Although the Authority refinanced these lease-revenue bonds in 2007, the potential of repeat refinancing depends on the availability of low interest rates, and resulting savings “would be reduced by the costs of staff preparations and a new bond issuance.”²³

Workshop attendees also referenced the impact of the prevailing wage policy instituted at the course since the management contract was signed. As noted under the “Strong Start” section of this report, this policy was added at the request of City Council, and can also be waived by Council. Given that the policy currently adds an estimated \$370,000 in costs,²⁴ the City and CourseCo. should weigh the financial benefits and political implications of changing this policy.

²³ San José Office of the City Auditor. 2016. Golf Courses: Loss of Customers and Revenues Requires a New Strategy. Report 15-08, page 23

²⁴ San José Office of the City Auditor. 2016. Golf Courses: Loss of Customers and Revenues Requires a New Strategy. Report 15-08, page 22



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SAN JOSE
PARKS, RECREATION &
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Los Lagos Golf Course Update

Parks and Recreation Commission

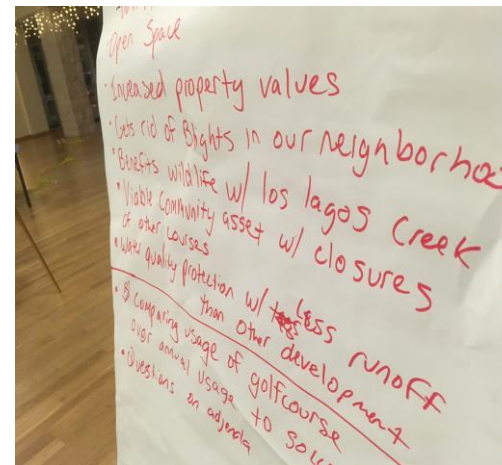
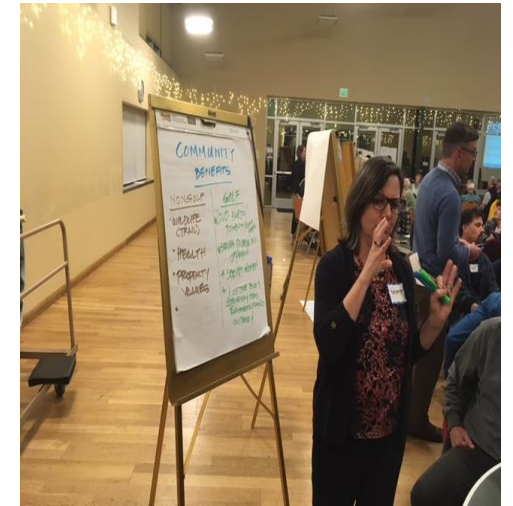
December 6, 2017

Background

- **2015 Auditor’s Report on Golf Courses** – “City needs a new Golf strategy”
 - Lower financial risks (Debt service and ongoing City subsidies)
 - Underutilization of scarce open spaces
 - Develop a more aggressive customer growth strategy
- **Council Direction** – “....Begin a community engagement process...”

Community Engagement Process

- 3,949 Registered Participants
 - Surveys
 - 3 Citywide workshops
- Additional Input
 - Nextdoor.com
 - Email and website



Community Feedback

Course Benefits: Beyond the Green

- **Golfers: Play and Pride**
 - All-ages: “Meets the needs of seniors and juniors”
- **Community Members: Neighborhood Haven**
 - Environmental, wildlife resource

Community Concerns

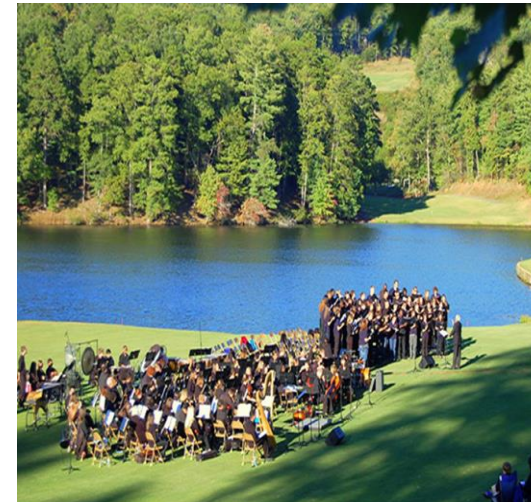


- Homelessness along the creek
- Limited Recreation Choices
- Unmet community needs
- Underutilized assets

Community Recommendations

PRC AGENDA: 12-06-17
ITEM: VII. D.

1. Maintain as Open Space
2. Take Holistic Approach
3. New Non-Recreational Revenue
4. New Recreational Revenue
5. Diversify Public Use
6. Improve Trail and Bike path
7. Improve Course Marketing
8. Explore refinancing bonds and restructuring wages



Guiding Principles

1. Open Space & Recreation
2. Financial Sustainability
3. Opportunity Awareness

Alternatives moving forward

- Maintain status quo as golf course
- PRNS assumes operations and oversight
- Close the course and maintain as open space
- Sale of the course in part or in entirety
- Conversion of field to other sports or recreational activities
- Expand on-course and off-course activities including park place-making activation and multi-generational uses



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Questions?

