



Recreational Opportunities Study at San Francisco Golf Course Scope of Work

The City and County of San Francisco has six (6) municipal golf courses under the jurisdiction of the Recreation and Parks Department. In recent years, questions have been posed regarding the financial and operational performance of the courses as well as the viability of maintaining and operating them compared to the demand for more general park and recreation open space.

Within the public parks and recreation industry, golf courses are considered enterprise operations whereby they generate revenue to cover operations and maintenance costs, as well as capital debt service the majority of the time. This is principally due to being a direct competitor with private industry and focused primarily on the adult market. However, as a public offering, the pricing of fees are generally much lower than the private providers with no membership requirements, thereby reducing barriers to entry and access for all age and income levels.

When a public golf course is not generating sufficient revenue to cover its operating and maintenance costs, a subsidy is required from the general tax funds of the owning agency, as is the overall case in San Francisco. With the numerous financial, social and physical constraints in San Francisco, it is prudent to ask the question:

- Is there sufficient need (demand) and justification to continue funding 6 golf courses through tax subsidies compared to funding other priority park and recreation needs? If not, then what are the most viable options and costs for converting specific golf course space to general recreation needs.

The answer to this question is not an easy one. It requires both objective and subjective analysis. Objective analysis deals with issues of data related to capacity versus demand and cost of delivery versus overall benefit. On the subjective side, it deals with the underlying value conflicts that will not necessarily be resolved through data review such as:

- The value of golf versus other types of recreation
- Does golf have to generate cash to cover its costs more so than pure traditional recreation activity
- Could San Francisco golf courses be run more efficiently and effectively if a different operations and management approach were instituted

Based on this understanding of the situation, PROS Consulting has prepared a scope of services that works to methodically break down both the objective and subjective issues. This entails an iterative approach using the following steps:

1. Determine the capacity of the current golf courses in relation to overall market supply to support current and future demand for golf within the desired market positioning.
 - a. Review NGF study and document capacity of City/County courses and other comparable courses
 - b. Collect new market data regarding usage, needs and priorities for golf to support demand analysis
 - c. Calculate the cost of service for current City/County golf operations and identify how these costs would be affected based on changes in capacity and demand



2. Document the priority needs for other park and recreation open space and facility needs based on the Recreation Needs Assessment, NGF study, updated community input and other sources
3. Analyze the capacity versus demand and if there is an opportunity for golf course space to be converted to general recreation usage and develop alternative solutions
4. Evaluate the cost of the various alternatives to the overall benefits achieved to determine viable actions and strategies to be recommended including:
 - a. Development, management and funding options
 - b. Positioning the golf course system for a sustainable future
 - c. Balancing the strategies for optimal success

Following is the proposed scope of services outlining the detailed tasks to be performed:

1. **Capacity – Demand Analysis**
 - a. **Project Objective Confirmation** - Conduct a meeting with Department staff to confirm project goals, objectives, scope, and schedule. The PROS Team will discuss expectations for the completed project. Lines of communication, points of contact, level of involvement by Department leaders and staff, and other related project management details will also be confirmed.
 - b. **Capacity Analysis** – The PROS Team will calculate the overall capacity of the existing City/County courses as well as comparably positioned golf courses in the area market. This will include documentation from the NGF Report, proprietary data and direct contact with various courses.
 - c. **Demand Analysis** – The current and future demand for golf will be quantified through the following steps:
 - i. **Community Input Process** – Manage a controlled task force process that focuses on the questions from the decision tree prepared by the City through a series of eight (8) knowledge based workshops that inform the task force of the key issues facing public golf courses in San Francisco.
 - ii. **Historic Usage Trends** – PROS will collect and document historic usage of each golf course based on data maintained by the Department. Overall, this information will establish the trend baseline to support projections of future use. As an additional deliverable, PROS can prepare a map of where the users live will be prepared for each course to help demonstrate market reach.
 - iii. **Overall Golf Market Demand** – Using the Pellucid, Inc. proprietary mail survey data, PROS will document the overall market demand for golf in the target market area. This will include a summary report of data and analysis.
 - d. **Capacity - Demand Summary Analysis** – A summary of findings will be prepared to document the overall market capacity – demand for golf within the defined target market area. This will provide the basis for further analysis including Alternatives Development, Analysis and Recommendations.
2. **Opportunities and Constraints Analysis – Completion Date: April 10, 2008**
 - a. **Constraints and Opportunities Assessment** – The PROS Team will perform an on-site assessment of the following golf courses:
 - i. Lincoln
 - ii. Harding

This assessment will identify opportunities and constraints to support evaluation of development alternatives including joint-use recreational and complete conversion. This assessment will be presented in both graphical and narrative format based on the available information.

- b. **Cost – Pricing Assessment** – PROS will perform a cost and pricing assessment for the two selected golf courses to document the cost of operations and compare the cost to the pricing methodology. The PROS Team will use the Department's available financial and operation data as the basis for the analysis with follow-up interviews as necessary. In consultation with the Department, the project team will prepare estimates for unavailable data. Specific steps include:
 - i. **Financial and Operational Data Collection** - PROS will collect the following data prior to initiating on site work. Electronic data will be collected to the greatest extent possible. If significant gaps in data exist, City assistance will be required to gather the remaining data.
 - 1. Financial and service goals and objectives
 - 2. Budgeted and actual expenditures for the last five years
 - 3. Debt Service schedules for outstanding bond issues
 - 4. Fee schedules for the last five years
 - 5. Units/volume administered per fee for the last five years
 - 6. Fixed assets
 - ii. **Costing Breakdown** - PROS will analyze the operating costs for the Courses. Where available, City indirect cost studies will be utilized to allocate appropriate indirect cost levels. If studies are not available, PROS will work in conjunction with the Department's finance and budget staff to determine an appropriate indirect cost rate.
 - iii. **Cost Analysis Model** – Based on available information, PROS will develop a cost analysis model organized by cost center at the major program level using Microsoft Excel. This cost model will document the costs for each major service provided in order to make management decisions on pricing of services and an ultimate impact on revenue, subsidy levels, and operational effectiveness.
- c. **Situational Assessment Summary** – The PROS Team will prepare a summary document that describes the current situation and desired outcome for the project. This document will guide the remaining performance of the project ensuring focus on the established and agreed outcomes.
- d. **Management Model** - PROS will develop a management model from an education perspective of what a best practice public golf operation model looks like and operates like to achieve profitability. This model will be presented in a PowerPoint format for use by the City.

3. Alternatives Development

- a. **Alternatives Development** – The PROS Team will identify viable alternatives based on the opportunities and constraints compared against recreation and open space needs. This process will draw upon the extensive experience of the PROS Team and guiding

documents including but not limited to the Situational Assessment and the Capacity-Demand Analysis and other relevant information. Approximately six (6) alternatives will be identified, evaluated and presented to the Department for refinement and agreement to advance further analysis based on pros and cons of each alternative.

- b. **Operational and Financial Analysis** – The PROS Team will perform an analysis of each alternative to identify the estimated capital improvements and operational costs associated with each alternative including the net impact to the Department based on shifts in current funding and resource levels.

4. Alternatives Analysis and Recommendations

- a. **Financing and Economic Impact Analysis** – The PROS Team will identify possible financing mechanisms organized by type of recreation or conversion categories. From available information, PROS will evaluate the economic impacts associated with each alternative including effects on tourism and property values. A comparative analysis will be performed to determine net effect and impact for each alternative to support a recommendation.
- b. **Recommendation** – The PROS Team will prepare a summary report presenting our recommendation associated with the potential conversion or joint use alternatives for the selected golf courses. This recommendation will include the various physical, operational, financial and economic analyses in addition to less tangible impacts and effects associated with the various alternatives. These less tangible impacts include addressing high priority recreation and open space needs. The PROS Team will deliver a draft report for review and address comments along with a presentation of the final recommendations to the appropriate officials.

Schedule of Deliverables

Following is a schedule of major deliverables:

4/10/08 Task Force Briefing – Preliminary Demand Analysis, Decision Tree and RFI
5/01/08 Task Force Briefing – Best Practice municipal golf courses, and 6 mgmt models
5/08/08 Outline choices for each course.
5/22/08 Task Force Briefing – Golf Course alternatives
6/05/08 RFI - solidify recommendation for each course (Review and Comment)
6/20/08 Task Force Briefing – Draft Submitted
7/03/08 Final Report Submitted

The PROS Team will submit draft information for each deliverable relating to a Task Force Briefing two (2) days prior to the meeting.



Project Fees and Schedule

PROS Consulting, LLC has prepared the following fee breakdown to perform the preceding scope of work. This fee includes labor and expenses to be billed on a monthly basis according to work performed.

	Total
Task 1 – Capacity - Demand Analysis	
A. Kick-off Meeting	\$ 1,880
B. Capacity Analysis	\$ 1,540
C. Demand Analysis	\$ -
1. Community Input Process	\$ 10,050
2. Historic Use Trends	\$ 1,980
3. Overall Target Market Area Demand	\$ 2,290
D. Capacity - Demand Summary Analysis	\$ 4,080
Expenses	\$ 2,700
Subtotal Dollars	\$ 24,520
Task 2 – Constraints and Opportunities Analysis	
A. Constraints and Opportunities Assessment	\$ 11,930
B. Cost and Pricing Assessment	\$ 6,840
C. Situational Assessment Summary	\$ 4,260
D. Management Model Development	\$ 1,300
Expenses	2,300
Subtotal Dollars	\$ 26,630
Task 3 – Alternatives Development	
A. Alternatives Development	\$ 10,450
B. Operational and Financial Analysis	\$ 6,990
Expenses	\$ 2,000
Subtotal Dollars	\$ 19,440
Task 4 – Alternatives Analysis and Recommendations	
A. Financial and Economic Impact Analysis	\$ 6,050
B. Recommendations	\$ 6,500
Expenses	\$ 1,800
Subtotal Dollars	\$ 14,350
TOTAL EXPENSES	\$ 8,800
TOTAL FEES	\$ 76,140
TOTAL DOLLARS	\$ 84,940