

File No. 100092

Committee Item No. 4
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE

Date 2/10/10

Board of Supervisors Meeting

Date _____

Cmte Board

- | | | |
|-------------------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

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Completed by: Gail Johnson

Date 2/5/10

Completed by: _____

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Appropriating \$410,000 of anticipated PGA Tour revenue for the Harding Park Golf Course in
 2 the Department of Recreation and Parks for Fiscal Year 2009-2010.]

3
 4 **Ordinance appropriating \$410,000 of anticipated PGA Tour revenue to fund preparation**
 5 **of the Harding Park Golf Course for the 2010 Schwab Cup Tournament in the**
 6 **Department of Recreation and Parks for Fiscal Year 2009-2010.**

7
 8 Be it ordained by the People of the City and County of San Francisco:

9
 10 Section 1. The sources of funding outlined below are herein appropriated to reflect the
 11 funding available for Fiscal Year 2009-2010.

12

13 **SOURCES Appropriation**

Fund	Index Code / Project Code	Subobject	Description	Amount
2S GOL CPR – Special	RECGOLFPGA	62699	Other Recreational	\$410,000
Revenue Funds-Golf	PRPGLF PG10		Service Charges	
Fund-Continuing Projects				
Total SOURCES Appropriation				\$410,000

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Supervisor Elsbernd

1 Section 2. The uses of funding outlined below are herein appropriated in the Subobject
 2 06P00 Programmatic Projects - Budget, and reflects the projected uses of funding to prepare
 3 the Harding Park Golf Course for the 2010 Schwab Cup Tournament in the Department of
 4 Recreation and Parks for Fiscal Year 2009-2010.

5
 6 **USES Appropriation**

Fund	Index Code /	Subobject	Amount
	Project Code		
2S GOL CPR – Special Revenue	RECGOLFPGA	06P00 Programmatic	\$410,000
Funds-Golf Fund-Continuing		Projects - Budget	
Projects	PRPGLF PG10		
Total USES Appropriation			\$410,000

FUNDS AVAILABLE

APPROVED AS TO FORM:

BEN ROSENFELD

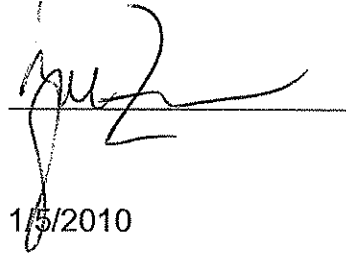
DENNIS J. HERRERA, City Attorney

Controller

By:



By:



Deputy City Attorney

Date: 1/5/2010

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Item 4
File 10-0052

Department:
Recreation and Park Department

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would appropriate \$410,000 in estimated cost reimbursement revenues from the Professional Golf Association Tour (PGA TOUR) for Recreation and Park Department (RPD) preparation and maintenance work related to the Harding Park Golf Course, as required for the 2010 Charles Schwab Cup Championship.

Fiscal Impact

- The requested \$410,000 appropriation from the PGA TOUR is to reimburse RPD for all of RPD's costs incurred in FY 2009-2010 to provide the preparations and maintenance work, as required under the contract previously approved by the Board of Supervisors, for the City to host the 2010 Charles Schwab Cup Championship golf tournament on November 7-10, 2010.

Key Points

- The Board of Supervisors previously approved an agreement between RPD and the PGA TOUR regarding PGA golf tournaments to be held at Harding Park Golf Course between 2009 and 2020, including the 2010 Charles Schwab Cup Championship (File 07-0267). Under the terms of that agreement, RPD is required to prepare and maintain the Harding Park golf course to specific PGA TOUR tournament standards. In exchange, the PGA TOUR is required to reimburse RPD up to \$1,000,000 for (a) the costs associated with the required preparation and maintenance, and (b) the revenue lost due to closing the golf course during the event.
- RPD anticipates total costs of \$1,395,955 to host the 2010 Charles Schwab Cup Championship including (a) expenditures of \$718,955 (including the subject request for \$410,000 for costs incurred in FY 2009-2010 and \$308,955 for costs to be incurred in FY 2010-2011) to prepare and maintain Harding Park Golf Course, and (b) lost revenues of approximately \$677,000. Therefore, PGA TOUR's reimbursement to RPD of the maximum \$1,000,000, will result in a net loss of \$395,955 to RPD.
- However, it is reasonable to assume that the additional Sales and Hotel Taxes which would accrue to the City's General Fund from visitors' spending while attending the 2010 Charles Schwab Cup Championship would more than offset RPD's net loss of \$395,955.

Recommendation

- Approve the proposed ordinance.

BACKGROUND

Under the existing agreement between the Professional Golf Association Tour (PGA TOUR) and the Recreation and Park Department, as previously approved by the Board of Supervisors in April of 2007 (File 07-0267), five PGA TOUR Golf Championships are to be held at Harding Park Golf Course between 2009 and 2020. Specifically, the following five PGA TOUR events were identified in the agreement:

1. The October, 2009 Presidents Cup: a four-day match play championship similar to the Ryder Cup, except that the United States team plays an international team selected from all countries with the exception of Europe.
2. The 2010 Charles Schwab Cup Championship.
3. The 2011 Charles Schwab Cup Championship.
4. A 2013 or 2014 PGA TOUR Playoff event.
5. Between 2014 and the expiration of the Initial Term, or 2020, one of either the Presidents Cup, a PGA TOUR Playoff event, the Bridgestone Invitational, the CA Championship or the Accenture Match Play Championship.

Under the PGA agreement between the RPD and the PGA TOUR, RPD is required (a) to meet specific PGA maintenance standards at the City's Harding Park Golf Course, on a year round basis and (b) to perform specific golf course preparation and maintenance tasks, in preparation for, and during, any PGA TOUR Championship event held at Harding Park.

Under the terms of the PGA TOUR agreement, the PGA TOUR is required to reimburse the RPD for (a) preparation and maintenance costs related to the Harding Park Golf Course, and (b) lost revenues resulting from closing the course to the public during the event, up to a maximum of \$1,000,000 for each PGA TOUR event held at the Harding Park Golf Course.

According to the terms of the PGA Agreement, the City would also receive 6.66 percent of the PGA's Gross Operating Revenues realized in excess of \$10,000,000 from each PGA TOUR event. According to Ms. Katherine Petrucione, RPD Chief Financial Officer, it is highly unlikely that any Gross Operating Revenues in excess of \$10,000,000 would be realized and therefore it is not anticipated that the City will receive any percentage revenues under this provision of the agreement with the PGA.

According to Ms. Petrucione, for the most recent PGA TOUR event at Harding Park Golf Course, the 2009 President's Cup, RPD incurred total costs of \$1,624,735, including (a) \$947,735 in preparation and maintenance work, and (b) \$677,000 in lost revenues. The PGA TOUR reimbursed RPD in the maximum amount allowed of \$1,000,000, such that RPD incurred a net loss of \$624,735. Ms. Petrucione noted that this net loss of \$624,735 does not include the tourism benefits associated with hosting a PGA TOUR event.

DETAILS OF PROPOSED LEGISLATION

This proposed ordinance would appropriate \$410,000 of anticipated cost reimbursement revenues from the PGA TOUR to be expended by RPD on preparation and maintenance work required for the Harding Park Golf Course in order to meet PGA standards, for the 2010 Charles Schwab Cup Championship, which will be held at Harding Park Golf Course from November 7-10, 2010.

As shown in the Attachment from Ms. Petrucione, RPD estimates that the total cost to prepare and maintain Harding Park Golf Course for the City's hosting of the 2010 Charles Schwab Cup Championship, will be \$718,955. As also shown in the Attachment, \$410,000 of the total cost of \$718,955 will be incurred in FY 2009-2010, with the remaining \$308,955 to be incurred in FY 2010-2011, subject to future appropriation approval by the Board of Supervisors.

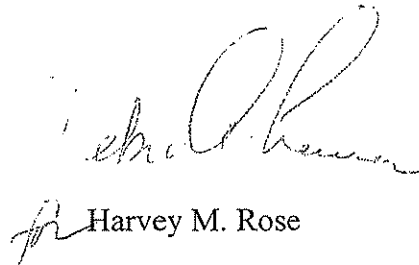
FISCAL IMPACTS

As noted above, RPD lost approximately \$677,000 in revenues from closing Harding Park Golf Course during the four-day 2009 President's Cup. Assuming the revenue loss from closing Harding Park Golf Course to the public during the four-day 2010 Charles Schwab Cup Championship is approximately equal to the revenue loss which resulted from the four-day 2009 President's Cup of \$677,000, the total cost to host the 2010 Charles Schwab Cup Championship would be \$1,395,955 (\$718,955 expenditures incurred plus \$677,000 revenues lost). After the PGA TOUR reimburses RPD the maximum \$1,000,000, RPD will incur a net loss of \$395,955.

The Controller's Office of Economic Analysis has not estimated the amount of additional Sales and Hotel Taxes which would accrue to the City's General Fund from visitors' spending while attending the 2010 Charles Schwab Cup Championship. However, it is reasonable to assume that such additional Sales and Hotel Taxes which would accrue to the City's General Fund would more than offset RPD's net loss of \$395,955.

RECOMMENDATIONS

Approve the proposed ordinance.



Harvey M. Rose

cc: Supervisor Avalos
Supervisor Mirkarimi
Supervisor Elsbernd
President Chiu
Supervisor Alioto-Pier
Supervisor Campos
Supervisor Chu
Supervisor Daly
Supervisor Dufty
Supervisor Mar
Supervisor Maxwell
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner

Recreation and Park Department Schwab Cup Preparation
 Estimated Costs November 2009 - June 2010

Attachment

Schwab Cup Action Item	Total Cost	Nov. - June	Notes
Cultural Practices			
a) All Areas			
<input type="checkbox"/> Develop an annual fertilizer program based on quarterly soil sampling to maintain healthy, consistent growth year-round.	5,040	2,520	Services.
<input type="checkbox"/> Schedule complete herbicide applications to improve year-round broadleaf weed control.	30,000	15,000	M&S. Turflon, Vanquish & Sapphire. Assumes last year costs.
<input type="checkbox"/> Initiate a wetting agent application schedule to improve uniform water penetration and year-round playing conditions.	21,000	10,500	M&S. 30 acre fair. 2.5 green 2.5 tee Revolution is 6oz/1,000 sqft.
b) Greens			
<input type="checkbox"/> Inter-seed with improved varieties of creeping bentgrass at 0.25 lbs/1,000 ft ² in conjunction with each core aeration, deep vertical mowing and heavy topdressing application.	4,800	4,800	M&S.
c) Tees			
<input type="checkbox"/> Inter-seed with improved varieties of perennial ryegrass at 8 lbs/1,000 ft ² in conjunction with spring and fall core aeration.	3,040	3,040	M&S.
d) Fairways			
<input type="checkbox"/> Inter-seed with improved varieties of creeping bentgrass and fine fescue in conjunction with aeration and topdressing applications.	66,825	33,413	M&S. Creeping Bentgrass variety. Triwave seeder w/2 operating engineers.
<input type="checkbox"/> Initiate a monthly sand topdressing program between March and October to accumulate a minimum annual amount of 80 tons per acre. This program will minimize the ill effects of earthworm activity, improve fairway mower performance, and improve ye	110,250	55,125	M&S. G-8 Sand
e) Rough			
<input type="checkbox"/> Inter-seed with improved varieties of perennial ryegrass at 300 lbs/acre in conjunction with spring and fall aeration.	45,000	30,000	M&S. 1.25/lb rate same as tees
Staffing			
a) Continue to fund two temporary 3417 gardeners through November 2010.	145,000	94,558	Staff were initially hired to work on Presidents Cup
b) Anticipated overtime expenditures through the tournament.	278,000	151,044	Assumes 6 hours per week
c) Purchase 10 two-way radios with private channels to coordinate daily maintenance activities.	10,000	10,000	M&S.
Total	718,955	410,000	

Note:

48 Bunkers
 27 Fairway Acres
 60 Rough Acres

