

Course Correction

PROPERTY: Golf Facilities Face Strain Of Competition, Costs

By **LOU HIRSH**

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Michael Schlesinger, principal of Stuck in the Rough LLC, wants to redevelop the defunct Escondido Country Club as The Lakes at Escondido. Photo by Stephen Whalen.

The fate of the defunct Escondido Country Club is in the hands of that city's voters, after supporters led by a local developer gathered enough signatures to challenge a recent City Council decision — declaring the entire 110-acre site as nondevelopment open space — on the November ballot.

Stuck in the Rough LLC, led by Principal Michael Schlesinger, wants instead to convert the site into The Lakes at Escondido, a single-family housing development

that would have up to 430 homes, along with a community pool and other recreational amenities that would be accessible by the entire community, with 25 percent remaining as open space.

Schlesinger and his business partners bought the Escondido golf property out of bankruptcy in 2007 and more recently did the same with StoneRidge Country Club in Poway. The developer said the Poway club is now poised to thrive, with 400 loyal members willing and able to support extensive improvements.

The Escondido course, on the other hand, saw membership shrink steadily over the years as repairs were deferred and water costs soared, leading to the current fork in the road to the property's next life.

“It's very much like a tale of two cities with these courses,” said Schlesinger, who also heads a Beverly Hills investment firm known as Cambra Realty. “There's just so much competition now — so many places to golf, with really nice facilities and pricing.”

To Close or not to Close?

As the Escondido matter heads for a public vote, several local communities are dealing with aging golf courses that require significant renovation or are being closed because of rising water costs and other maintenance expenses.

This is happening amid a decline in golf rounds being played, as courses throughout the region — including private, public and resort courses — compete to attract the remaining time-strapped clientele with discount pricing and other special programs.

In the unincorporated community of Bonsall, near Oceanside, the privately run San Luis Rey Downs will close in early August after 62 years in business, operators of that 18-hole golf course announced recently.

In Oceanside, the City Council recently approved a deal in which a company led by golf apparel designer John Ashworth will renovate the tattered municipal Center City Golf Course — involving an investment of at least \$3.6 million, to also include a botanical garden, new clubhouse and six-hole children's course.

The Oceanside action came after residents vehemently opposed prior plans to turn the 76-acre city property that includes the course, known as Goat Hill, over to a developer who planned to operate a soccer academy on part of the site.

Maintenance Costs Rise

Costs for updating and maintaining aging golf properties continue to rise, as the time spent on golf courses declines nationwide — cutting into crucial greens fees and other money spent by golfers at on-site bars, restaurants and pro shops.

Nationwide rounds played and per-site revenue have been declining or flat-

lining for several months, despite recent improvement in the overall economy.

According to the latest national data from PGA PerformanceTrak, average rounds played per site during the first five months of 2014 were down 1.7 percent from a year ago, to 7,674.

Median total revenue at U.S. courses was up 1 percent year-to-date, reaching \$776,063. However, while food and beverage spending was up 4.5 percent, revenue from golf fees rose just 0.4 percent and revenue from merchandise dropped 0.9 percent.

In California, rounds played per site during May were down 1.7 percent from a year ago, to 3,989.

The latest available data for San Diego County showed rounds played up 3.2 percent from 2013 for the first four months of 2014, but rounds played locally in April dropped 3.6 percent from a year ago.

The local region has about 100 courses — some in need of significant upkeep — competing for those flat-to-declining dollars. North County alone has 35 courses, including those at private country clubs, municipal sites and resorts, with greens fees averaging \$87, according to data from Pellucid Corp.

New Game on the Greens

Local resorts are among operators adjusting their golf pricing and programs to maintain their courses as viable attractions for locals and visitors.

Seeking to capitalize on World Cup fever, locally based Welk Resorts recently began offering a family-friendly hybrid game called Footgolf on one of its resort courses in Escondido. Players kick soccer balls toward holes the size of manhole covers on the property's 18-hole Oaks course.

The Footgolf holes, all par three, are away from the course's regular holes, and the soccer version is not played on the property's higher-end Executive course. Operators said a big advantage for resort visitors, who may have other activities on their itineraries, is that Footgolf takes about two hours for 18 holes, roughly half the time that a family might spend playing the regular version. Footgolf is among resort offerings — along with Welk's on-site retail shops and movie theaters — designed to respond to customers' time constraints while helping maintain the property as a viable year-round attraction.

“Everyone's undercutting everybody else on price, and you can play at some very nice courses for very little money,” said Sean Coogan, general manager at Welk Resort San Diego. “So you just need to be more creative in what you are offering.”

Carlsbad Promoting Golf Tourism

Among local cities not facing the same challenges as its neighbors is Carlsbad. The city has a long-cultivated golf economy, fueled in part by the presence of some of the world's largest golf equipment manufacturers headquartered there, including Callaway Golf Co. and TaylorMade Golf Company Inc.

Carlsbad is also home to nationally known resort courses at two luxury properties: La Costa Resort and Spa and the Park Hyatt Aviara Resort.

In 2012, the city created what is known as the Carlsbad Golf Lodging Business Improvement District. Separate from the city's general tourism business district, the golf-focused district established a \$2 assessment on room bills at participating properties, with about \$200,000 in projected annual collections going specifically toward promoting golf-related hotel stays in the city.

The city has also been looking to build on revenue-generating services to be offered adjacent to the municipal golf course, known as The Crossings at Carlsbad, which has an 18-hole course and a 28,000-square-foot clubhouse with its own kitchen, banquet facilities and on-site restaurant.

On a 3.2-acre parcel adjacent to the muni course, jointly owned by the city and Carlsbad Municipal Water District, officials are in talks with locally based Grand Pacific Resorts Inc. on a planned 71-unit expansion of its existing 250-room Sheraton hotel, slated to be rebranded as a Westin. Grand Pacific also plans to add 50 units to its existing 50-unit MarBrisa timeshare development, next-door to the Sheraton.

The Grand Pacific project is expected to generate \$2.6 million in leasing revenue and \$13.6 million in sales and transient occupancy tax collections over 30 years, according to a city staff report. The added income is deemed crucial to supporting a host of city services, including golf amenities.

"It does help create complementary revenue," said Chuck McBride, administrative services director for the city of Carlsbad.