TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: MARCH 20, 2006 CMR: 168:06

SUBJECT: GOLF COURSE PRELIMINARY FEASIBILITY STUDY – REPORT TO COUNCIL IN RESPONSE TO COLLEAGUES MEMO ON GOLF COURSE REDESIGN OPTIONS TO INCLUDE SPORTS FIELDS AND RECOMMENDATIONS FOR FUTURE ACTION.

REPORT IN BRIEF
This preliminary feasibility study provides important information about adding playing fields at the golf course. The information will be useful in helping the City participate more effectively in exploring possible multi-use recreation/flood control options in the San Francisquito Creek Flood Control Study now underway. Several of the flood control options that will be evaluated in the study include modifications to the golf course; flood control solutions incorporating multi-use flood control/recreation facilities will be considered. If a feasible multi-use option is identified, public funds may be available to help offset the cost of a golf course or other recreation facilities that also serve a flood control purpose.

The preliminary design studies indicate that there may be room to add up to two playing fields while retaining the existing championship golf course*. However, the costs resulting from the need to reconfigure as many as eight golf holes reduce the desirability of this option. The golf course site does not appear to be large enough to accommodate several playing fields as well as a public regulation/championship golf course, due to the special requirements of a public golf course. The golf course site would be large enough to accommodate a new, smaller non-championship golf course or golf practice facility as well as several sports playing fields. These types of golf facilities provide a different golfing experience and serve a different market segment than the existing championship golf course. The marketability of a smaller non-championship golf course and/or golf practice facility on the Palo Alto golf course site and the level of community support for such a change is unknown. The cost of a new smaller golf course/golf practice facility with 4 or 5 sports playing fields is estimated to be over eighteen million dollars. Private development scenarios that would pay all or most of the cost of a new smaller golf course and sports playing fields were not formally evaluated, but input was solicited from golf course developers and other real estate developers.

*Championship course is used to describe a course with a length greater than 6000 yards from the forward (white) tees and a par between 70 – 72. It does not imply that the course would likely hold major championship tournaments.
RECOMMENDATION
Staff recommends that the City Council: 1) Receive and file this report. 2) Participate in locating funding for the golf course/recreation component of the flood control project if the San Francisquito Creek Joint Power Authority/Army Corps of Engineers flood control study identifies feasible multiuse flood control/recreation options.

BACKGROUND
Responding to a March 7, 2005 memorandum from City Council members Burch, Kleinberg and Kishimoto, the City Council directed staff to conduct a preliminary feasibility review of possible redesign of the 18-hole championship municipal golf course with the goal of freeing up substantial acreage for sports fields. The objectives to be achieved by such a redesign are: creation of 20-40 acres of new playing field space; improvement of the golfing experience and provision of additional golfing amenities; expansion and enhancement of the natural habitat; and helping to address San Francisquito Creek flood control needs. The Council was also interested in determining whether these changes could facilitate redevelopment of nearby private properties, and identifying possible private funding strategies that could help cover the costs of the golf course redesign and construction of playing fields. See attached City Council memorandum, Golf Course redesign and Playing Fields Creation, dated March 7, 2005 (Attachment A).

DISCUSSION
Assessment process
A working group consisting of City staff from the Public Works, Community Services, Planning, and Administrative Services Departments, as well as a representative from the San Francisquito Creek Joint Powers Authority and consultants from the land use planning firm, Ken Kay Associates (KKA), reviewed City Council direction and comments from the public on this topic and the status of the flood control project; identified key issues to be explored; and developed a framework for examining the potential for locating playing fields on the golf course. For special golf course design expertise, the team included a golf course architect provided pro bono to the City by the golf course design firm, Robert Trent Jones II (RTJII).

Through research and site visits to the Palo Alto municipal golf course and a number of other local golf courses, staff assembled information about size and other characteristics typical of different types of golf courses, including public and private regulation/championship courses and non-regulation courses and golf practice facilities. According to the US Golf Association, the average total land area for 18 hole golf facilities is 150 to 200 acres, making the Palo Alto golf course at 169.8 acres a little less than average size. In general, golf courses that are built on fewer acres are either private clubs, such as the Olympic Club, Sharon Heights and Los Altos Hills, that typically play about one-third to one-half as many rounds per year as Palo Alto and other municipal courses, or they are non-regulation courses, such as Poplar Creek, Sunnyvale and Los Lagos, that do not have the par or yardage of a “championship” course. See Attachment B for more information about comparative sizes of different types of golf courses, and Attachment C for the size of current facilities at the Palo Alto municipal golf course.

The “championship” designation does not mean that golf championships are played on a course but rather indicates that the course meets the minimum accepted standards of a full size golf
course. According to the RTJII representing architect advising the working group, while the standard is somewhat ambiguous there is general consensus that a regulation/championship course will be a minimum par 70 and have a minimum length of 6000 yards from the forward white tees. The Palo Alto golf course is par 72 and 6200 yards, the length having been slightly reduced during the most recent renovation completed in 1999. Par and yardage influence a golfer’s decision to play a course and the fee he/she is willing to pay. A non-championship course provides a different golfing experience and serves a different market segment than a regulation/championship course.

Based on the City Council memorandum, the following five goals were identified to guide development of schematic alternatives for adding sports fields to the golf course:

- Provide from one to five sports fields.
- Maintain viability of the 18 hole regulation/championship golf course.
- Provide sufficient parking.
- Preserve and maintain opportunities for flood control solutions.
- Protect existing wetlands located on or near the golf course, including incorporating wetlands into the playing area.

Several staff/consultant work sessions culminated in an all-day workshop at the golf course on September 14, 2005, attended by working group staff members, the KKA consultants, the RTJII golf course architect and two members of the City’s Golf Advisory Committee. Members of the Golf Advisory Committee and the Parks and Recreation Commission were invited to attend. Prior to the workshop, KKA staff developed exhibits illustrating possible locations for one to five sports fields on the golf course site. In all options, the sports fields are located in the south and west part of the golf course to minimize impacts on the course, take advantage of unused space and make efficient use of nearby parking areas. See attached layout diagrams A, B, C, and D showing the conceptual location of playing fields on an aerial map of the golf course and the Baylands Athletic Center (Attachment D).

**Evaluation of Four Alternative Sports Field Layouts**

The purpose of the workshop was to assess the impact to the golf course as increasing numbers of sports fields are added, in terms of the number of golf holes that would require modification or complete redesign; as well as possible impacts to the regulation/championship status of the golf course; playability; and possible impacts on economic viability, operations and safety.

The golf course architect described to the working group the key principles of golf course design and other factors to be considered in redesigning the golf course in response to the addition of sports fields. In addition to the rules of golf and the need to design for an interesting, challenging and enjoyable golf game, the following influencing factors were identified by the golf course architect:

- There is a “domino effect” when any part of the golf course is displaced. Change to one hole can ripple through several other holes, increasing the risk that yardage and par of the course will be affected by the change.
- Differences between public and private golf courses translate into additional space requirements for public courses. The principal difference is that public courses typically have two or three times the volume of play compared to private clubs. Public courses
must be designed to accommodate 80,000 to 90,000 rounds per year while avoiding crowding and delay. Also, more people are on the course at the same time, and players have a wider range of skill levels, both of which increase risk; however, the general public has a lower tolerance for risk than would be the case at a private club.

- The continually changing technology of golf clubs and golf balls requires greater distances between players to provide an acceptable level of safety.
- On a flat site with no significant high vertical elements such as groves of mature trees, the safety buffer between fairways, green and tees is provided by distance. Due to salt water intrusion in the Baylands area, establishment of large stands of mature trees for buffering would be difficult to achieve, and redesign of the existing course would result in removal of many of the existing trees.
- Golf is incompatible with close adjacency to most other uses due to the risk of bystanders being struck by golf balls. Golf customers knowingly assume that risk when they enter the golf course, but users of adjacent sites do not assume that risk. The risk can be managed through design by providing distance or physical barriers.
- The wetlands areas located throughout the golf course are a design constraint. While the wetland areas could be incorporated into the course design, the need to design around them will restrict design choices.

Following is a description of the four schematic layouts developed and studied in the workshop, including the number of sports fields added, the number of golf holes impacted, and how additional parking is provided under each option:

*Layout A.* One soccer field is provided in the southwest corner of the golf course. This requires the redesign of four holes on the golf course. Existing paved areas are restriped to provide 50 additional parking spaces at the Baylands Athletic Center parking lot and along one side of Geng Road.

*Layout B.* Two soccer fields are located in the southwest corner of the golf course. One of the fields would displace the existing lake. Eight golf holes would have to be redesigned and reconstructed. In addition to the 50 parking spaces added at the existing Athletic Center parking lot and along Geng Road, a new parking lot with 50 spaces is constructed on the golf course.

*Layout C.* Two soccer fields and one baseball diamond are added in the southwest corner of the golf course and along Embarcadero Road. Ten holes on the golf course would have to be redesigned and reconstructed. In addition to the parking provided in the two previous options, Embarcadero Road would be restriped to provide 32 curbside parking spaces along the north side of the street, and a second new parking lot with 25 spaces would be constructed on the golf course, providing a total of 157 new spaces.

*Layout D.* Four soccer fields and one baseball diamond are added in the southwest corner of the golf course and along Embarcadero Road. This would impact all 18 holes, requiring a complete redesign and reconstruction of the entire golf course. Parking would be provided as in Option C, plus 25 additional spaces constructed on the golf course for a total of 182 new parking spaces.
Results of the Analysis of Four Alternative Sports Field Layouts

The results of the design exercise indicate that if the golf course is to remain a public 18 hole championship golf course serving current or similar user groups, there is limited space that could be dedicated for active recreation uses without compromising the playability, economic viability, and safety of the golf course. See the attached letter from RTJII dated February 28, 2006 for a more detailed description of its analysis and conclusions (Attachment E).

**Layout A:** One sports field could be added to the existing 18 hole course while retaining the championship status; at least four golf holes would need to be redesigned and reconstructed.

**Layouts B and C:** Adding two or three sports field to the existing golf course would require redesign / reconstruction of a large part of the golf course and may not maintain 18 hole regulation category par and course distance. More detailed design study would be required to determine the precise impact of these changes on the championship status of the golf course.

**Layout D:** Adding 4 or 5 sports fields and the additional required parking would require a total redesign and reconstruction of the golf course. While this provides an opportunity to design a completely different course, the area available for the new golf course would be significantly smaller than the existing course. The area may not be sufficient to provide the regulation length and par of a championship course and also meet the special requirements of a public golf course: accommodate a high volume of play and a wide range of skill levels while minimizing risk of injury from errant golf balls. The addition of four or more playing fields presents a decision point between maintaining championship par and yardage or adding playing fields. The golf course par and yardage could be reduced to provide a smaller non-championship golf course that would meet the volume and safety standards of a public golf course and also provide space for additional playing fields.

<table>
<thead>
<tr>
<th>Layout</th>
<th>Sports Fields Added</th>
<th>Golf Holes Impacted</th>
<th>New Parking Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td>8</td>
<td>50</td>
</tr>
<tr>
<td>C</td>
<td>3 or 5</td>
<td>Entire Course</td>
<td>82</td>
</tr>
</tbody>
</table>

**IMPACT OF SPORTS FIELDS ON CHAMPIONSHIP STATUS OF GOLF COURSE**

<table>
<thead>
<tr>
<th>Layout</th>
<th>Sports Fields Added</th>
<th>Impact on championship status of Golf Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1</td>
<td>Unchanged</td>
</tr>
<tr>
<td>B and C</td>
<td>2 or 3</td>
<td>May be Compromised</td>
</tr>
<tr>
<td>D</td>
<td>4 or 5</td>
<td>Unlikely to provide an 18 hole championship golf course serving the golfing public without compromising playability and safety</td>
</tr>
</tbody>
</table>
Costs and Financial Feasibility of the Four Golf Course/Sports Field Alternatives

The cost of adding sports fields to the golf course would include the cost of designing and reconstructing the impacted portions of the golf course, the cost of constructing the sports fields and any related parking improvements, golf tenant contract changes (revenue reductions) or buyout of existing leases and contracts, and lost revenue for a period during and following construction when it may take several years to regain the existing customer base. During construction some players will go elsewhere and some may not return when the construction is completed, resulting in lost revenue. The number of golf rounds played at the course is still down from the previous golf course renovation completed in 1999.

<table>
<thead>
<tr>
<th>Layout</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Revenue</td>
<td>$2.0</td>
<td>$1.3</td>
<td>$0.7</td>
<td>$0.01</td>
</tr>
<tr>
<td>Golf Course Redesign</td>
<td>$3.0</td>
<td>$6.0</td>
<td>$8.0</td>
<td>$10.0</td>
</tr>
<tr>
<td>Sports Fields ($1.5 million/field)</td>
<td>$1.5</td>
<td>$3.0</td>
<td>$4.5</td>
<td>$7.5</td>
</tr>
<tr>
<td>Continuing Operating Costs</td>
<td>$2.6</td>
<td>$1.5</td>
<td>$1.5</td>
<td>$0.5</td>
</tr>
<tr>
<td>Tenant Contract Pay Off (High Estimate)</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
</tr>
<tr>
<td>Total Financial Impact</td>
<td>-$5.1 million</td>
<td>-$19.2 million</td>
<td>-$23.3 million</td>
<td>-$28.0 million</td>
</tr>
<tr>
<td>Total Assuming Donated Sports Field Construction</td>
<td>-$3.6 million</td>
<td>-$16.2 million</td>
<td>-$18.8 million</td>
<td>-$20.5 million</td>
</tr>
</tbody>
</table>

Included in the above costs is the City’s Golf Course Corporation’s obligation to pay debt service on the outstanding golf course bonds, about $560,000 annually, which will continue regardless of changes that may be made to the golf course. Certificates of Participation were issued in 1998 with the understanding that the debt would be paid from golf course revenues. Reduction or elimination of revenues during reconstruction of the golf course would shift some or all of this cost to the General Fund.

Deciding to fund any of the alternatives would have a significant impact on the City’s budget. The City’s ability to fund current service levels and other priorities would be significantly impacted.

Potential Flood Control Solutions

In October, the San Francisquito Creek Joint Powers Authority (JPA) and the US Army Corps of Engineers (Corps) initiated a feasibility study for a potential flood damage reduction and ecosystem restoration project on San Francisquito Creek. The study is expected to take five to seven years and will identify and analyze potential options to reduce flooding along the creek. The study products will include a preferred flood control project alternative, an environmental
impact report prepared in conformance with both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA), and a cost/benefit analysis that will determine whether future federal funding is warranted for the project. Some of the flood control options that the study will evaluate include modifications to the Palo Alto Municipal Golf Course while others do not. The preferred San Francisquito Creek flood control option identified in the study may be one on the following list or a combination of one or more of the listed options:

- Upstream storage reservoir
- Series of upstream storm water detention basins
- Parallel bypass channel or pipeline to convey excess flood flows
- Downstream overflow basin
- Channel widening
- Construction of higher levees or floodwalls
- Bridge modifications

Implementation of the bypass channel, overflow basin, and to a lesser extent the channel widening options will require a redesign of at least a portion of the golf course. This introduces the possibility of investigating the potential for a flood control solution incorporating a multi-use flood control/recreation facility. Public funds may be available to help offset the cost of multiuse recreation facilities, and the City should participate in identifying funding sources if a multiuse flood control option appears feasible. The information gained in this golf course preliminary feasibility study has helped position the City to participate more effectively in exploring a golf/recreation component in a possible multi-use flood control facility. For additional information about possible flood control project impacts on the golf course see Attachment F, Public Works Department memorandum.

Private Financing Strategies
The City Council memorandum directed staff to consider possible private financing strategies that could help cover the costs of designing and constructing a new golf course and playing fields, and also whether changes to the golf course could encourage redevelopment of nearby private properties.

Private commercial or residential development scenarios that would contribute substantially to the cost of redesigning and constructing a new golf course and playing fields do not appear promising at this time. City staff spoke with several golf course developers and with representatives of the owners of the Harbor office park about factors influencing possible golf course/commercial/residential development options. There was consensus among the experts consulted that the Baylands is not a good location for developing a resort hotel with golf course. Residential development was described as potentially feasible only with substantial City involvement that would eliminate the upfront cost and risk for the developer, requiring the City to conduct all development studies and environmental review and provide the developer with a “ready to build” site, and at a scale involving several hundred units on 30 to 50 acres of land. Airport noise and the costs associated with meeting flood zone requirements were also considered impediments to residential development in the Baylands. There is some evidence that the current golf course or an improved golf course may support existing and new private development in the Baylands. The Harbor office complex markets the location amenities of the
Baylands, airport and golf course; however, while some of its tenants use these facilities, they do not consider them to be a really big draw. The owners of Ming’s restaurant are now exploring the feasibility of converting the property they own at the corner of East Bayshore Road and Embarcadero Road from a restaurant to a hotel; they have indicated that the presence of the Palo Alto golf course is seen as an asset, particularly for business visitors.

VillaSport Athletic Club and Spa, a health club developer, has expressed an interest in exploring the possibility of leasing land on the golf course to construct a private, family-oriented, full service health club. While usually a private membership club, VillaSport is willing to provide for some use of the health club by the public. VillaSport constructs and retains ownership of its facilities and manages the facilities. If the City were to develop a new profit-making golf course, VillaSport would pay the City for the right to operate the golf course. These payments to the City, which could be substantive, to lease land for the health club and for the right to operate the golf course could be used to help offset the cost of a new golf course. During preliminary discussions with VillaSport, some of the issues that have been identified that would need to be resolved are use of dedicated parkland, access by the general public, and policy implications of the size of the typical VillaSport facility - an 85,000 square feet building with a height of 38 feet located on 8 acres, and related parking and traffic issues.

While some golf course developers could be interested in developing a new 18 hole championship golf course on the Palo Alto golf course property, as discussed previously there does not appear to be room on the site for both a public 18 hole championship golf course as well as several playing fields. According to the golf course developers and golf course designers who talked with staff, a golf course developer would want the site as unconstrained as possible. Golf course designer Gary Linn described a scenario that might accommodate both a championship golf course and several sports fields if all constraints were removed from the site by eliminating a major portion of the Bay Trail that runs along the golf course so that the golf holes could be raised and extended out to the levies, and eliminating the wetlands on the golf course and mitigating them on or off site. These changes are possible, but they would involve substantial environmental challenges and increased costs. Some golf course developers also may be interested in developing a smaller non-championship golf course and/or golf practice facilities, such as a nine hole golf course and double deck driving range, and providing sports playing fields, as these facilities can be very profitable. However, some of the golf experts who spoke with staff stated that they believe the market for golf practice facilities is saturated in this area.

**RESOURCE IMPACT**
No additional costs are associated with the recommended actions. If the City Council were to pursue other options that are discussed in the report, costs would be incurred, and these are discussed in the report on page 6.

**POLICY IMPLICATIONS**
The recommended actions do not represent any change to City policies.

**ENVIRONMENTAL REVIEW**
This report is statutorily exempt from the California Environmental Quality Act (CEQA) under Section 15262, Feasibility and Planning Studies. Studies for possible future actions which are
not approved, adopted or funded do not require preparation of an EIR or negative declaration. Environmental review will be required for any future project on the golf course. All of the options discussed in this report would result in a more intense use of the site than the existing golf course use. Some of the environmental issues that would need to be addressed for a future project include the following:

- Special status species. The Mitigated Negative Declaration (MND) prepared for the 1994 Golf Course Master Plan found that at that time suitable habitat existed on the golf course to support at least eight special status species, several of which were thought likely to be using the site.

- Wetlands and riparian habitat. The 1994 MND identified jurisdictional wetlands in eleven locations on the golf course, totaling 2.51 acres. These wetland areas are required to be protected, or mitigated on or off site if they are removed. While some of the wetland areas were of low habitat value, several were considered potential habitat for special status species. The riparian area of San Francisquito Creek is adjacent to the golf course on the north and west.

- Artificial night lighting. Artificial night light in the vicinity of natural areas, particularly coastal environments, is considered a potentially significant environmental impact because of its detrimental affect on basic biological and ecological systems. See Attachment G for the article, “Degraded Darkness”, Conservation in Practice, Spring 2004, and additional reference sources on this topic).

- Parking and traffic. Some potential future changes to the golf course would require construction of additional paved parking areas and would result in increased traffic. The intersection at Embarcadero Road and East Bayshore Road currently operates with PM level of service D.


- Flooding and seismic risk. The golf course elevation is approximately at sea level with site elevations varying from -4.4 feet in drainage channels to + 7.5 feet at the tops of several greens. The one hundred year (1%) high tide event is 8 feet above sea level. The golf course site has high susceptibility for earthquake liquefaction and ground shaking.

- Consistency with relevant plans and policies. Some of the concepts discussed in this report could present possible conflicts with adopted land use and environmental policies in the Comprehensive Plan and the Baylands Master Plan.
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CITY MANAGER APPROVAL:  
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ATTACHMENTS
Attachment A: City Council memorandum, March 7, 2005
Attachment B: Size Comparison of different types of golf courses with photos
Attachment C: Palo Alto Municipal Golf Course: Size by subarea
Attachment D: Golf Course/Sports Field Schematic Layouts A, B, C, and D and Impact/Benefit Assessment Table
Attachment E: Letter from Robert Trent Jones II
Attachment F: Public Works Department memorandum
Attachment G: Artificial Night Light Reference Sources

cc:  Parks and Recreation Commission
      Palo Alto Golf Course Advisory Committee
      Patrycja Bossak, San Francisco Bay Trails
      Robert Trent Jones II
      Gary Linn
      Cynthia D’Agosta, San Francisquito Creek Joint Powers Authority
      Walter Altholz, VillaSport
      Timothy Cahill, UBS Realty Investors LLC