



# Memorandum

CITY COUNCIL *of* SALT LAKE CITY

**TO:** City Council Members

**FROM:** Jennifer Bruno and Allison Rowland  
Council Staff

**DATE:** February 10, 2015

**RE: Golf Fund Scenarios**

Council Sponsor: *n/a - Budget*

This memo provides information for the Council's on-going discussions about solutions to the Golf Fund's financial difficulties. Based on Council Member preferences expressed in the February 3 work session, staff identified six potential scenarios for further discussion. The budget impacts of these scenarios are presented with reference to:

- The Golf Fund versus the general fund;
- Golf Fund *operating* costs versus Golf Fund *capital* costs (CIP);
- General fund capital costs (CIP, including construction) versus on-going general fund maintenance costs.

Staff developed scenarios based on preferences expressed by majorities of Council Members in key areas:

- **Remove Wingpointe from the Golf Fund's portfolio.** The 2012 FAA ruling on Wingpointe's future lease payments make that course financially unfeasible for the Golf Fund. Council Members would encourage the Salt Lake City Airport to assume course operations itself.
- **"Right-size" City golf offerings while improving course quality.** The Council recognizes the long-term trend of fewer rounds played at City courses,<sup>1</sup> as well as **changes in residents' outdoor** recreation interests. Reducing the total number of courses would allow the Golf Fund to generate revenue for capital improvements and concentrate investments where they provide the greatest impact, improving their competitive position relative to other courses in the region.

<sup>1</sup> The number of rounds played at every City golf courses declined between 2005 and 2014, totaling 5.6% system wide. Over a longer period, from 2001 to 2014, rounds dropped at six of the seven City courses and amounted to 18.4% system wide. Further, the most recent Salt Lake County needs assessment survey indicated that most City residents do not consider golf a priority use for open space.



- **Continue investments to shift all City golf courses to secondary water.** Council Members recognize the on-going operating savings represented by use of secondary water, but also acknowledge the substantial capital costs are needed to make this happen. Because the Golf Fund does not have the capacity to make this up-front investment, another source (such as the General Fund or a bond) is necessary.
- **Ensure cutting-edge Golf Fund management by contracting a temporary “game changer.”** This position would be paid through the General Fund.
- **Explore options for funding capital needs by using County ZAP funds.** The timing of the County’s ZAP process (tentative approval in the summer of 2016) may not be immediate enough to address the Golf Fund’s immediate needs. However, some classes of projects may fit better into the County’s criteria and timing.

➤ Staff will be ready to prepare edits to scenarios at the Council meeting, at Council direction.

*The goal of this briefing is to facilitate the Council’s process of finalizing recommendations for changes to the Golf Fund. These recommendations—which are a result of the Council’s unprecedented process of public review of relevant information—will be communicated to the Administration in time to be considered during its Fiscal Year 2016 annual budget preparation process. As provided by law, there will be numerous opportunities for the public to express their opinions on specific proposed changes to the Golf Fund and related topics once the Mayor’s budget is presented to the Council. This generally occurs in late April or early May.*

### **Overview of scenarios<sup>2</sup>:**

The challenge for the Council is not only to find a way to reduce the Golf Fund’s operating deficit, but also to ensure that the Fund generates enough additional revenue to pay for capital improvements. For this reason the first three scenarios provided by staff explore the effects of closing Wingpointe plus **one** additional golf course. The second three scenarios consider closing Wingpointe and **two** other golf courses.

- Scenarios that involve potential course closures are contemplated only because there is **no single other option to eliminate the Golf Fund’s annual operating deficits and provide sufficient additional resources to improve course conditions.** Any change that falls short of closing courses would prohibit investment in golf facilities, *including the installment of secondary water*. This is reflected in the scenarios for discussion on February 10 as a baseline assumption. However, closing only Wingpointe does not overcome the **Golf Fund’s operating deficit. In general terms:**
  - The Golf Fund’s current operating deficit consistently approaches \$600,000 per year, and exceeds that in many years;
  - Closing Wingpointe would reduce that deficit by \$200,000 per year, but still leave a \$400,000 annual operating deficit.
  - The use of secondary water at all golf courses would further reduce the deficit by approximately \$300,000 per year, **but only if installment is paid by the general fund or a GO bond.** The Golf Fund operating deficit actually would continue to grow for many decades because of the debt service required for the installment of secondary water.
- **Because of the Council’s commitment to** maintaining City open space, no scenario includes selling golf courses or any portion of them for private use. If a course were repurposed, some Council Members have expressed interest in a comprehensive public process (including a recreation needs assessment, public input, and design) **to determine how to better meet City residents’ evolving recreation preferences.**
  - It should be noted that any development of Golf Course space would require significant financial investment. Staff has estimated various levels of GO Bonds that might be pursued, using very general per acre development cost data.

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<sup>2</sup> The scenarios include a very large number of variables, many of which can be estimated only roughly at this point. The best information currently available is used in these scenarios.

- Actual cost for redevelopment would be highly dependent upon whatever is the outcome of a public process in terms of actual improvements.
- GO Bonds are voted on by residents and are paid for through a corresponding increase in property taxes. **As a reference point, the Council may wish to consider this “rule of thumb”** – for a \$10 million GO Bond, that would result in a:
  - \$7 per year increase on an average home (valued at \$275,000)
  - \$50 per year increase for a commercial property (valued at \$1m)

*\*these are staff estimates using recent bond and assessed value data. Actual Bond/increase amounts may vary slightly year to year.*
- The scenario budget analysis recognizes that closed courses would require substantial maintenance during any repurposing process to avoid creating public nuisances and encourage interim public use. Staff estimated budget impacts of this interim maintenance to the extent possible based on the comparable information available – see budget impacts chart.
  - **This varies from \$2,600 per acre per year for “status quo” level of maintenance (that is, no improvements, basic mowing and watering), to \$10,600 per acre per year for “manicured” level of maintenance** (assumes a high level of improvements such as walking paths, fields, courts, boweries, etc). These figures are estimates based on the Public Services Department experience in various types of parks in FY 2014. More detail can be provided upon request.
  - It should be noted that it may not be possible to fold these maintenance figures into the FY 2016 General Fund budget without shifting of other priorities such as staffing levels in other departments or investment in Capital Improvement Program (CIP) Fund, or substantial increases in revenue.

## Policy questions

- A. **Council Members recognize and share the public’s desire to use secondary water for irrigation at City parks and open spaces, including golf courses.** To pay the large cost for infrastructure required to shift to secondary water, the Council may wish to consider whether a GO bond or a tax increase is the most appropriate.
  - Some Council Members would like to ensure that the open space benefits of golf courses be shared more widely with non-golfing residents. This could be accomplished by encouraging and providing additional outdoor recreation options at golf courses year-round, including walking trails, disk golf, foot golf, etc.
- B. The Council may wish to clarify its intention for the use of dynamic pricing in a Golf Division app. The policy question is whether the intention of the app is primarily:
  - to facilitate generation of marketing data as well as data on prices paid by clients (including, for example, the prevalence of discounts) or,
  - maximize use and revenue from currently-unused tee times,
  - maximize use of last-minute online reservations to fill otherwise unused tee times,
  - to ensure that higher fees are charged at the most popular tee-times as a way to boost overall revenue (lower fees would be charged at less popular times).
  - It may be worth asking the administration to track and report on the cost and benefit of these offerings (increased maintenance costs vs. increase revenues).

## Attachments

- Attachment 1 – [Scenarios for Comparison Chart](#)
- Attachment 2 – [Budget Impacts Chart](#)
- Attachment 3. NEW – [REVISED Golf CIP Priorities](#) – *The Administration has provided the attached list of revised CIP priorities.*
- Attachment 4 – City [Golf Advisory Board Response to Council](#) – *The Council Office received this response on February 4, 2015.*
- Attachment 5 – [Results of Council Feb 3 work session discussion](#)

All Scenarios assume closing Wingpointe, and other operational changes including Dynamic Pricing, Alternative User Groups (such as Disc Golf, Cross Country, Dog Walking, etc), Making Ordinance Changes to allow festivals, Branding at courses, and prioritizing capital projects.

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Scenarios for Comparison & Discussion

		Scenarios Closing Wingpointe Plus One Course			Scenarios Closing Wingpointe Plus Two Courses		
		1	2	3	4	5	6
		SCENARIO 1 - Close WP & FD	SCENARIO 2 - Close WP & GD	SCENARIO 3 - Close WP & RP	SCENARIO 4 - Close WP, FD & GD	SCENARIO 5 - Close WP, FD & RP	STAFF BRAINSTORMING - Close WP, GD, and Nibley
Components	Budget Reference Notes						
1	<b>Forest Dale Status</b>  If close: Increase deficit by \$4,000 in year 1, reduce deficit by \$36,000 in year 5 \$3m in Golf CIP cost avoidance, including \$1.2m in "new" secondary water project cost avoidance <u>General Fund Implications:</u> Ongoing General Fund Maintenance Cost - \$143k-\$583k depending on intensity of use General Fund purchase value - \$2.9m including clubhouse Redesigning as park space - appx \$19m (bond) If GF pays for secondary water - \$1.2m bond/\$179k debt per year	Close & GF Assume	Status Quo	Status Quo	Close & GF Assume	Close & GF Assume	Status Quo
2	<b>Glendale Status</b>  If close: Increase deficit by \$5,000 in year 1 and save \$170,000 in year 5 \$845k in CIP savings <u>General Fund Implications:</u> General Fund responsibility for ESCO payment - \$172k Ongoing General Fund Maintenance Cost - \$416k-\$1.7m depending on intensity of use General Fund purchase value - \$2m Redesigning as park space - \$30.4m (bond)	Status Quo	Close & GF Assume	Status Quo	Close & GF Assume	Status Quo	Close & GF Assume
3	<b>Nibley Status</b> (Added as a result of Brainstorming with the Administration)  If close: Increase deficit by \$29k in year 1 and by \$86k by year 5 \$4m in CIP cost avoidance (most of cost is irrigation and secondary water - \$2.8 million - might have to be covered by GF or Bond) \$1.3m in "new" secondary water project cost avoidance <u>General Fund Implications:</u> Ongoing General Fund Maintenance Cost - \$119k-\$488k depending on intensity of use General Fund purchase value - \$1.7m Redesigning as park space - appx \$15.9m (bond) If GF pays secondary water - \$1.3m bond/\$98k debt per year If GF pays for irrigation - \$1.5m bond/\$130kdebt per year	Status Quo	Status Quo	Status Quo	Status Quo	Status Quo	Close & GF Assume
4	<b>Rose Park Status</b>  If close: Reduce deficit by \$343,000 in year 1 and by \$575,000 in year 5 \$2.3m in CIP cost avoidance <u>General Fund Implications:</u> General Fund responsibility for ESCO payment - \$88k Ongoing General Fund Maintenance Cost - \$364k-\$1.5m depending on intensity of use General Fund purchase value - \$4m total (back 9 - \$2m)	Status Quo	Status Quo	Close & GF Assume	Status Quo	Close & GF Assume	Status Quo
5	<b>Additional Secondary Water Projects</b> (assumes Secondary Water for Rose Park & Gledale, and Bonneville irrigation projects go forward as approved)  Bonneville (Secondary Water) - \$2.3m Construction Cost - \$239k savings/year Forest Dale - \$1.2m Construction Cost - \$39k savings/year Nibley - \$1.3m Construction Cost - \$33k savings/year Wingpointe - \$2.75m Construction cost - \$184k savings/year If GF Pay upfront - \$7.5m Bond/\$580k debt service 20 years	Gen Fund Pay Upfront	Gen Fund Pay Upfront	Gen Fund Pay Upfront	Gen Fund Pay Upfront	Gen Fund Pay Upfront	Gen Fund Pay Upfront
6	<b>Contract Position "Game Changer" to oversee management</b>  General Fund Budget Impact - Appx \$150kper year (3 year contract)	yes	yes	yes	yes	yes	no
7	<b>ZAP Application to County for Capital</b>  Budget Impact TBD ZAP process - application Jul 2015, Oct 2015 deadline County Council Approval - Jul-August 2016	yes	yes	yes	yes	yes	yes (to help develop Nibley)
Requests of Administration							
8	Ask Administration to add to current Jordan River Par 3 RFP scope - What public process would be possible to guide the repurposing of X,Y, Z Golf Courses that may be closed	?	?	?	?	?	yes
9	Ask Administration to evaluate staffing levels	?	?	?	?	?	no
10	Ask Administration to issue RFP and consider privately built and managed clubhouses	yes	yes	yes	yes	yes	yes

Cumulative Budget Impacts

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CHART 4

Cumulative Budget Impacts

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		Scenarios Closing Wingpointe Plus One Course			Scenarios Closing Wingpointe Plus Two Courses		
		1	2	3	4	5	6
		SCENARIO 1 - Close WP & FD	SCENARIO 2 - Close WP & GD	SCENARIO 3 - Close WP & RP	SCENARIO 4 - Close WP, FD & GD	SCENARIO 5 - Close WP, FD & RP	STAFF BRAINSTORMING - Close WP, GD, and Nibley
Golf Fund Budget Impact							
1	Ongoing Budget Impact (calculations assume first year)						
2	Wingpointe Status	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000	\$ 170,000
3	Forest Dale Status	\$ (4,425)	-	-	\$ (4,425)	\$ (4,425)	-
4	Glendale Status	-	\$ (5,525)	-	\$ (5,525)	-	\$ (5,525)
5	Nibley Status	-	-	-	-	-	\$ (29,064)
6	Rose Park Status	-	-	\$ 343,000	-	\$ 343,000	-
Additional Secondary Water Projects - Savings if Gen Fund Pays (does not include closed courses)		\$ 272,000	\$ 311,000	\$ 311,000	\$ 272,000	\$ 311,000	\$ 278,000
8	Other Operational Changes	-	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
9	Total Golf Annual Operational Impact	\$ 437,575	\$ 675,475	\$ 1,024,000	\$ 632,050	\$ 1,019,575	\$ 613,411
10	Capital Budget Impact - secondary water & CIP						
11	Wingpointe Status	\$ (3,109,200)	\$ (3,109,200)	\$ (3,109,200)	\$ (3,109,200)	\$ (3,109,200)	\$ (3,109,200)
12	Forest Dale Status	\$ (3,053,267)	-	-	\$ (3,053,267)	\$ (3,053,267)	-
13	Glendale Status	-	\$ (1,149,900)	-	\$ (1,149,900)	-	\$ (1,149,900)
14	Nibley Status	-		-	-	-	\$ (4,010,936)
15	Rose Park Status	-		\$ (2,180,900)	-	\$ (2,180,900)	-
16	Additional Secondary Water Projects - Golf CIP cost avoidance if Gen Fund Pays	\$ (3,568,736)	\$ (4,730,003)	\$ (4,730,003)	\$ (3,568,736)	\$ (3,568,736)	\$ (2,300,000)
17	Total Golf CIP Impact (Avoided future costs)	\$ (9,731,203)	\$ (8,989,103)	\$ (10,020,103)	\$ (10,881,103)	\$ (11,912,103)	\$ (10,570,036)
General Fund Budget Impact							
Debt Issued/Amount - Estimate of "Baseline" Debt that would be needed if Gen Fund were to purchase a course							
18	Wingpointe Status	-	-	-	-	-	-
19	Forest Dale Status (Gen Fund Might do 2nd Water Regardless - included in 2nd water figure)	-	-	-	-	-	-
20	Glendale Status (Gen Fund would install restrooms regardless	-	\$ 91,400	-	\$ 91,400	-	\$ 91,400
21	Nibley Status	-	-	-	-	-	\$ 1,588,000
22	Rose Park Status (Gen Fund might have to make irrigation improvements regardless)	-	-	\$ 1,096,600	-	\$ 1,096,600	-
23							
24	Additional Secondary Water Projects - Debt Issued for all except Wingpointe	\$ 4,740,003	\$ 4,740,003	\$ 4,740,003	\$ 4,740,003	\$ 4,740,003	\$ 4,740,003
25	Land Purchase (Forest Dale - \$2.9m, glendale - \$2m, Rose Park - \$4m)	\$ 2,900,000	\$ 2,000,000	\$ 4,000,000	\$ 4,900,000	\$ 6,900,000	\$ 3,700,000
26	Total Estimated Debt	\$ 7,640,003	\$ 6,831,403	\$ 9,836,603	\$ 9,731,403	\$ 12,736,603	\$ 10,119,403
27	Annual Long Term General Fund Costs						
28	Annual Debt Service (calculated using total Debt in line 25, assuming 4% and 20 years)	\$ 562,165	\$ 502,667	\$ 723,794	\$ 716,054	\$ 937,182	\$ 744,603
29	Assumption of ESCO Payments (Glendale and/or Rose Park)	-	\$ 171,979	\$ 87,068	\$ 171,979	\$ 87,068	\$ 171,979
30	Other Operational Changes - includes Game Changer	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
31	Maintenance (Assumes Medium Maintenance)						
32	Forest Dale	\$ 143,000	-	-	\$ 143,000	\$ 143,000	-
33	Glendale	-	\$ 416,000	-	\$ 416,000	-	\$ 416,000
34	Nibley	-	-	-	-	-	\$ 119,600
35	Rose Park	-	-	\$ 364,000	-	\$ 364,000	-
36	Total Annual General Fund Impact	\$ 855,165	\$ 1,240,646	\$ 1,324,862	\$ 1,597,033	\$ 1,681,250	\$ 1,602,182
37	Development Estimates						
38	Debt Service - Per Year Cost						
39	Glendale - improve as "Enhanced" natural open space - appx \$30.4m Bond 80 acres @ \$300k/acre (plus 15% contingency)	-	\$ 2,233,942	-	\$ 2,233,942	-	\$ 2,233,942
40	Nibley - improve as enhanced open space - appx \$15.9m Bond 46 acres @ \$300k/acre	-	-	-	-	-	\$ 1,167,742
41	Forest Dale - improve as enhanced open space - appx \$19m Bond 55 acres @ \$300k/acre	\$ 1,396,214	-	-	\$ 1,396,214	\$ 1,396,214	-
42	Total Potential Annual Debt Service (GO Bond would mean increased property tax levy would cover debt service)	\$ 1,396,214	\$ 2,233,942	\$ -	\$ 3,630,156	\$ 1,396,214	\$ 3,401,684
43	Potential yearly increase for average home	\$ 11.81	\$ 18.90	\$ -	\$ 30.71	\$ 11.81	\$ 28.78
Potential Enhanced Maintenance Cost (\$10,599 per acre), if Golf Courses are developed into Nature Parks or with more active recreation uses							
44							
45	Glendale	-	\$ 1,695,840	-	\$ 1,695,840	-	\$ 1,695,840
46	Nibley	-	-	-	-	-	\$ 487,554
47	Forest Dale	\$ 582,945	-	-	\$ 582,945	\$ 582,945	-
48	Total Annual Potential Enhanced Maintenance Cost	\$ 582,945	\$ 1,695,840	\$ -	\$ 2,278,785	\$ 582,945	\$ 2,183,394

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### Golf CIP Projects (Without ESCO)

#### Totals by Course for Selected Courses

Note: Inflationary impact after FY14 not included. See separate projection by year for inflationary addition.

Totals by category for all selected courses (32,560,963) (19,483,903) 101,380 3,710,181 4,748,000 (10,924,342)

Course	All Construct Costs on list (w/o ESCO)	Construct Cost in 10-Yr plan	Outside Funding (other than financing)	Utility Savings in 10-Yr Plan	Operating Revenues in 10-Yr Plan	Net Cash Impact in 10-Yr Plan
<b>Bonneville</b>						
Cart Path - Addition w Range & Short Game Practice Area Improvements pl	(182,800)	(182,800)	-	-	90,000	(92,800)
Clubhouse - U of U partnership	-	-	-	-	-	-
Clubhouse - UGA and Utah PGA partnership	-	-	-	-	-	-
Clubhouse (including banquet space)	(2,680,500)	-	-	-	-	-
Clubhouse Upgrade - NGF Option	-	-	-	-	-	-
Driving Range - WEST TO CONNOR incl fencing	(300,000)	(300,000)	-	-	475,000	175,000
Driving Range & Short Game - FULL DEV	(309,200)	-	-	-	-	-
Entrance Road (relocated)	(254,600)	-	-	-	-	-
Food & Beverage on course (dependent on clubhouse design)	(91,360)	-	-	-	-	-
Maintenance Facility Relocation & improvements	(731,000)	(731,000)	-	-	-	(731,000)
Master Plan	(40,000)	(40,000)	-	-	-	(40,000)
Parking Lot Repair & Improvements (tied to event center)	(250,000)	-	-	-	-	-
Proshop Retrofit - NGF Option	-	-	-	-	-	-
Restrooms on-course (#2/4/11/17, current site)	(91,400)	(91,400)	-	-	90,000	(1,400)
Restrooms on-course (#7, new building)	(91,400)	(91,400)	-	-	90,000	(1,400)
Secondary water project (Pumps, Wells, retaining pond, other)	(2,300,000)	(2,300,000)	-	1,913,624	-	(386,376)
Tee/Green/Bunker Improvements, Perimeter Fencing, etc.	(1,827,600)	-	-	-	-	-
Three New Holes (Dependent on Range Master Plan)	(1,218,400)	-	-	-	-	-
Tree Replacement Plan - NGF Option	-	-	-	-	-	-
<b>Bonneville Total</b>	<b>(10,368,260)</b>	<b>(3,736,600)</b>	<b>-</b>	<b>1,913,624</b>	<b>745,000</b>	<b>(1,077,976)</b>

**Golf CIP Projects (Without ESCO)**  
**Totals by Course for Selected Courses**

Note: Inflationary impact after FY14 not included. See separate projection by year for inflationary addition.

Totals by category for all selected courses (32,560,963) (19,483,903) 101,380 3,710,181 4,748,000 (10,924,342)

Course	All Construct Costs on list (w/o ESCO)	Construct Cost in 10-Yr plan	Outside Funding (other than financing)	Utility Savings in 10-Yr Plan	Operating Revenues in 10-Yr Plan	Net Cash Impact in 10-Yr Plan
<b>Forest Dale</b>						
Cart Path - repair and installation	(121,800)	(121,800)	-	-	72,000	(49,800)
Clubhouse Restroom/Pro Shop Counter	(60,900)	(60,900)	-	-	50,000	(10,900)
Entry Improvements - NGF Option	-	-	-	-	-	-
Greens, Bunker rebuild / Upgrade, Drainage Ditches, Lake Shoreline, Tee Adj.	(900,000)	(900,000)	-	-	-	(900,000)
HVAC	(100,000)	(100,000)	-	-	-	(100,000)
Irrigation Control Replacement	(121,800)	(121,800)	-	-	-	(121,800)
Lake Bank Stabilization	(91,400)	(91,400)	-	-	-	(91,400)
Maintnc Bldg Imprvmnts, Wash Bays, Sand Bins, Fencing	(182,800)	(182,800)	-	-	-	(182,800)
Parking Lot Repair	(100,000)	(100,000)	-	-	-	(100,000)
Piping of Drainage Streams through Fairway Corridors (#4, #5, #7, #9)	(91,400)	(91,400)	-	-	160,000	68,600
Practice Hitting Net	(30,500)	(30,500)	-	-	100,000	69,500
Restroom on course (#4/#6)	(91,400)	(91,400)	-	-	120,000	28,600
Secondary water project (Pumps, Wells, retaining pond, other)	(1,161,267)	(1,161,267)	-	274,323	-	(886,944)
Tree Replacement Plan - NGF Option	-	-	-	-	-	-
Turf Program - NGF Option	-	-	-	-	-	-
<b>Forest Dale Total</b>	<b>(3,053,267)</b>	<b>(3,053,267)</b>	<b>-</b>	<b>274,323</b>	<b>502,000</b>	<b>(2,276,944)</b>

**Golf CIP Projects (Without ESCO)**  
**Totals by Course for Selected Courses**

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Totals by category for all selected courses (32,560,963) (19,483,903) 101,380 3,710,181 4,748,000 (10,924,342)

Course	All Construct Costs on list (w/o ESCO)	Construct Cost in 10-Yr plan	Outside Funding (other than financing)	Utility Savings in 10-Yr Plan	Operating Revenues in 10-Yr Plan	Net Cash Impact in 10-Yr Plan
<b>Glendale</b>						
Banquet Pavilion	(213,200)	(213,200)	42,640	-	324,000	153,440
Cart Path - repair and installation	(182,800)	(182,800)	-	-	144,000	(38,800)
Cart Staging/Patio (NGF item)	-	-	-	-	-	-
Clubhouse Restroom/Pro Shop improvmts ( pro shop done)	(30,900)	(30,900)	-	-	-	(30,900)
Clubhouse Upgrade - NGF Option	-	-	-	-	-	-
Course Improvement - NGF Option	-	-	-	-	-	-
Ladies Tee Addition, Bunker Renovation, and Drainage	(121,800)	(121,800)	-	-	63,000	(58,800)
Maintenance Facility Upgrade - NGF Option	-	-	-	-	-	-
Maintnc Bldg imprvmts, Wash Bays, Perimeter Fencing	(182,800)	(182,800)	-	-	-	(182,800)
Master Plan - predicated upon course change	(22,000)	-	-	-	-	-
Parking Lot Repair	(150,000)	(150,000)	-	-	-	(150,000)
Range Fence Repairs	(77,000)	(77,000)	-	-	-	(77,000)
Restroom on-course (#7/#12)	(91,400)	(91,400)	-	-	162,000	70,600
Short Game Practice Area - NGF Option	(100,000)	(100,000)	-	-	81,000	(19,000)
Tree Replacement Plan - NGF Option	-	-	-	-	-	-
<b>Glendale Total</b>	<b>(1,171,900)</b>	<b>(1,149,900)</b>	<b>42,640</b>	<b>-</b>	<b>774,000</b>	<b>(333,260)</b>



**Golf CIP Projects (Without ESCO)**  
**Totals by Course for Selected Courses**

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Totals by category for all selected courses (32,560,963) (19,483,903) 101,380 3,710,181 4,748,000 (10,924,342)

Course	All Construct Costs on list (w/o ESCO)	Construct Cost in 10-Yr plan	Outside Funding (other than financing)	Utility Savings in 10-Yr Plan	Operating Revenues in 10-Yr Plan	Net Cash Impact in 10-Yr Plan
<b>Mountain Dell</b>						
Bunker Work - NGF Option	-	-	-	-	-	-
Canyon Course: Holes 12,14,15 fairway corridor widening	(365,500)	(365,500)	-	-	700,000	334,500
Cart Path - repair and installation	(182,800)	(182,800)	-	-	-	(182,800)
Clubhouse Expansion/Upgrades - NGF Option	-	-	-	-	-	-
Clubhouse Infrastructure Improvements (Boiler, etc.)	(243,700)	(243,700)	-	-	-	(243,700)
Clubhouse Restroom/Pro Shop Counter	(60,900)	(60,900)	-	-	-	(60,900)
Entry, Parking Upgrades, Signage & Parking Repair - NGF Option	(300,000)	-	-	-	-	-
Greens Work - NGF Option	-	-	-	-	-	-
Irrigation Control Replacement	(243,700)	-	-	-	-	-
Irrigation System - Canyon Course (\$2,500,000)	(2,500,000)	-	-	-	-	-
Irrigation System - Lake Course (\$2,500,000)	(2,500,000)	-	-	-	-	-
Maint Bldg Imprvmnts, Wash Bays, Sand Bins, Cart Storage Imprvmnts	(731,000)	(731,000)	-	-	-	(731,000)
Major Short Game Area Upgrade (NGF)	-	-	-	-	-	-
Patio Deck Extension, Clubhouse renovation	(293,700)	(293,700)	58,740	-	900,000	665,040
Practice Tee & Range Improvements	(121,800)	(121,800)	-	-	135,000	13,200
Remodeling (bulkheads, new bunkers, tree work) - NGF Option	-	-	-	-	-	-
Retaining walls, level old green on Lake Course #14	(243,700)	(243,700)	-	-	-	(243,700)
Screening (new vegetation planting) - NGF Option	-	-	-	-	-	-
Tee Leveling and Ladies Tee Addition	(304,600)	-	-	-	-	-
Tree Replacement Plan - NGF Option	-	-	-	-	-	-
Turf Reduction Effort - NGF Option	-	-	-	-	-	-
<b>Mountain Dell Total</b>	<b>(8,091,400)</b>	<b>(2,243,100)</b>	<b>58,740</b>	<b>-</b>	<b>1,735,000</b>	<b>(449,360)</b>

**Golf CIP Projects (Without ESCO)**  
**Totals by Course for Selected Courses**

Note: Inflationary impact after FY14 not included. See separate projection by year for inflationary addition.

Totals by category for all selected courses (32,560,963) (19,483,903) 101,380 3,710,181 4,748,000 (10,924,342)

Course	All Construct Costs on list (w/o ESCO)	Construct Cost in 10-Yr plan	Outside Funding (other than financing)	Utility Savings in 10-Yr Plan	Operating Revenues in 10-Yr Plan	Net Cash Impact in 10-Yr Plan
<b>Nibley</b>						
Batting Cages (\$200,000 estim)	-	-	-	-	-	-
Cart Path - repair and installation	(60,900)	(60,900)	-	-	-	(60,900)
Clubhouse Restroom/Pro Shop Counter/Café Remodel/Covered Patio	(100,900)	(100,900)	-	-	-	(100,900)
Entry Improvements - NGF Option	-	-	-	-	-	-
Golf Academy - training classroom, club fitting, etc.	(200,900)	-	-	-	-	-
Golf Holes Reconfiguration - NGF Option	-	-	-	-	-	-
Greens, Bunkers, Tees - NGF Option	-	-	-	-	-	-
Irrigation System	(1,496,600)	(1,496,600)	-	-	-	(1,496,600)
Lake Bank Stabilization	(91,400)	(91,400)	-	-	-	(91,400)
Lighting for Range (NGF item)	-	-	-	-	-	-
Maintnc Bldg Imprvmnts, Wash Bays, Sand Bins	(182,800)	(182,800)	-	-	-	(182,800)
Mini Golf, new Public Putting Green - NGF Option	-	-	-	-	-	-
Miniature Golf Course (\$650,000 project not included at this time)	-	-	-	-	-	-
Parking Lot Repair	(100,000)	(100,000)	-	-	-	(100,000)
Perimeter Fencing Improvements, Entry Improvements	(151,800)	(151,800)	-	-	-	(151,800)
Piping of Streams through Fairway Corridors (#2 and #3) - DEPENDENT ON	(30,500)	-	-	-	-	-
Range Tee, Fence, related Improvements	(365,500)	(365,500)	-	-	220,000	(145,500)
Restroom on-course (#3/#7)	(91,400)	(91,400)	-	-	72,000	(19,400)
Secondary water project (Pumps, Wells, retaining pond, other)	(1,268,736)	(1,268,736)	-	231,476	-	(1,037,260)
Short Game Practice Area, additional putting green	(100,900)	(100,900)	-	-	90,000	(10,900)
Tree Replacement Plan - NGF Option	-	-	-	-	-	-
Youth Training Area - NGF Option	-	-	-	-	-	-
<b>Nibley Total</b>	<b>(4,242,336)</b>	<b>(4,010,936)</b>	<b>-</b>	<b>231,476</b>	<b>382,000</b>	<b>(3,397,460)</b>

**Golf CIP Projects (Without ESCO)**  
**Totals by Course for Selected Courses**

Note: Inflationary impact after FY14 not included. See separate projection by year for inflationary addition.

Totals by category for all selected courses (32,560,963) (19,483,903) 101,380 3,710,181 4,748,000 (10,924,342)

Course	All Construct Costs on list (w/o ESCO)	Construct Cost in 10-Yr plan	Outside Funding (other than financing)	Utility Savings in 10-Yr Plan	Operating Revenues in 10-Yr Plan	Net Cash Impact in 10-Yr Plan
<b>Rose Park</b>						
Banquet Pavilion (\$175,000 estim)	-	-	-	-	-	-
Bunker Renovation, Ladies Tee Addition - back 9	(152,300)	(152,300)	-	-	72,000	(80,300)
Bunker Renovation, Ladies Tee Addition - front 9	(152,300)	(152,300)	-	-	72,000	(80,300)
Cart Path - repair and installation - front 9	(182,800)	(182,800)	-	-	192,000	9,200
Cart Storage Expansion	(152,300)	-	-	-	-	-
Clubhouse Improvements	(152,300)	(152,300)	-	-	144,000	(8,300)
Entry Drive, Parking - NGF Option	-	-	-	-	-	-
Golf Course Improvement - NGF Option	-	-	-	-	-	-
Irrigation System Imprvmnts - back 9 (not new system)	(548,300)	(548,300)	-	-	(25,000)	(573,300)
Irrigation System Imprvmnts - front 9 (not new system)	(548,300)	(548,300)	-	-	(25,000)	(573,300)
Maintnc Bldg Imprvmnts, Wash Bays, Sand Bins	(304,600)	(304,600)	-	-	-	(304,600)
Master Plan - predicated upon course change	(40,000)	(40,000)	-	-	-	(40,000)
Parking Lot Repair	(100,000)	(100,000)	-	-	-	(100,000)
Range Expansion & Short Game Area Improvements	-	-	-	-	-	-
Restroom on course (#14/#16) - back 9	-	-	-	-	-	-
Restroom On-Course (#5/#9) - front 9	(91,400)	-	-	-	-	-
Tree Replacement Plan - NGF Option	-	-	-	-	-	-
<b>Rose Park Total</b>	<b>(2,424,600)</b>	<b>(2,180,900)</b>	-	-	<b>430,000</b>	<b>(1,750,900)</b>

**Golf CIP Projects (Without ESCO)**  
**Totals by Course for Selected Courses**

Note: Inflationary impact after FY14 not included. See separate projection by year for inflationary addition.

Totals by category for all selected courses (32,560,963) (19,483,903) 101,380 3,710,181 4,748,000 (10,924,342)

Course	All Construct Costs on list (w/o ESCO)	Construct Cost in 10-Yr plan	Outside Funding (other than financing)	Utility Savings in 10-Yr Plan	Operating Revenues in 10-Yr Plan	Net Cash Impact in 10-Yr Plan
<b>Wingpointe</b>						
All projects removed - Asset preserv	-	-	-	-	-	-
All projects removed - Financial	-	-	-	-	-	-
All projects removed if course closed - Expense reduction	-	-	-	-	-	-
Café Sliding Glass Doors, Wind Breaks for Banquets	(60,900)	(60,900)	-	-	180,000	119,100
Cart Path - repair and installation	(121,800)	(121,800)	-	-	-	(121,800)
Clubhouse Restroom Improvements	(30,500)	(30,500)	-	-	-	(30,500)
Clubhouse Roof and Siding Improvements	(91,400)	(91,400)	-	-	-	(91,400)
Lake Bank Stabilization	(152,300)	(152,300)	-	-	-	(152,300)
Lake fountains	-	-	-	-	-	-
Maintnc Bldg Imprvmnts, Wash Bays, Sand Bins	(121,800)	(121,800)	-	-	-	(121,800)
Parking Lot Repair	(100,000)	-	-	-	-	-
Secondary water project (Pumps, Wells, retaining pond, other)	(2,500,000)	(2,500,000)	-	1,290,758	-	(1,209,242)
Shelters on course (#6 and #16)	(30,500)	(30,500)	-	-	-	(30,500)
<b>Wingpointe Total</b>	<b>(3,209,200)</b>	<b>(3,109,200)</b>	<b>-</b>	<b>1,290,758</b>	<b>180,000</b>	<b>(1,638,442)</b>
<b>Grand Total</b>	<b>(32,560,963)</b>	<b>(19,483,903)</b>	<b>101,380</b>	<b>3,710,181</b>	<b>4,748,000</b>	<b>(10,924,342)</b>

# Memorandum

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To: Mayor Becker  
Salt Lake City Council

From: Salt Lake City Golf Enterprise Fund Citizen's Advisory Board

Date: Tuesday, February 3, 2015

Re: City Council Requested Golf Advisory Board Position on Ideas to Resolve the Salt Lake City Golf Operating Fund Deficit Situation and Ensure Long-Term Solvency

The Salt Lake City Golf Enterprise Fund Board thanks the Salt Lake City Council for considering our position regarding the input from the public, task force, and consultant process that has resulted in a list of potential recommendations to resolve both the current Golf Enterprise Operating Fund deficit and the projected continuation of annual operating losses. Our board's position on this issue has not changed dating back to the fall of 2007 when the Golf Advisory Board submitted a letter in support of the Golf Program's proposal to complete major capital improvements as the strategy to avoid the projected cash deficit situation in the fund.

Completing major CIP work was the proposed second step of the strategy following a 20% reduction in full-time golf positions commencing with the FY2007 budget. The facility improvement strategy focuses on the following priorities:

1. Completing the infrastructure necessary to move from expensive culinary water to the available secondary water source at each course.
2. Improving revenue-expanding amenities where feasible and productive.
3. Updating the infrastructure of all courses to improve customer experience and keep these facilities competitive in a market that saw a 95% increase in public golf holes from 1990 to 2005 (no new public courses have been built in the area since 2005).
4. Funding this urgent facility capital work with new, non-operating revenue sources to avoid simply shifting treated water costs or new revenue to long-term debt; thereby failing to resolve this fund solvency problem.

The number one issue that must be resolved is to significantly reduce Salt Lake City Golf's annual \$1.3M price tag for culinary water. It's a cost per golf course that is significantly higher than water costs paid by competing public courses in the area. The move to secondary water at all courses will save the Golf Fund more than \$800,000 annually. This is based on historical water usage data and Salt Lake Public Utilities' new rate structure for secondary water. This one initiative goes a long way toward solving the deficit, and should allow the focus to be on the development of funding sources for major facility projects, as well as to build an appropriate cash reserve balance in the Golf Fund.

Additional top priority initiatives recommended by the Golf Advisory Board to improve the prospect of long-term financial solvency include the following:

1. Close Wingpointe unless a change in the FAA property lease requirement can be negotiated. And, require the Airport Fund to compensate the Golf Fund fair market value for the land improvements made to what was a construction waste dump prior to golf course development.

2. Reduce Rose Park to nine holes plus recently expanded driving range and improved short game practice area. The surplus land at Rose Park resulting from this change should be divested so as to facilitate the completion of top priority facility improvements at all SLC golf courses with an emphasis on ensuring that Rose Park will be positioned as a quality nine-hole golf course including renovated support facilities.
3. Complete a review of fees charged to the Golf Fund including the equity of methodology used for management service fees from the General Fund, as well as for fees charged by internal service funds. The NGF report indicates a review of such costs to be appropriate given industry standards for internal administrative fees and comparable services.

In addition to this position of the Golf Advisory Board, we encourage City Council A) to consider the recommendations provided in the National Golf Foundation's study of Salt Lake City's golf system that emphasizes the need for facility improvements, and B) to consider the results of the economic and environmental impact study on the Utah golf industry completed by the Stanford Research Institute. This study by a nationally reputed firm shows the annual direct and indirect economic impact per golf course in Utah to average more than three million dollars. With seven golf courses, Salt Lake City enjoys over twenty million dollars in annual economic impact from its golf operations.

That economic benefit, along with the recreation, quality of life, preservation of more than 1200 acres of open/green space without an ongoing subsidy, and community beautification value of these golf facilities (including the entrance to Salt Lake City for thousands of visitors weekly at the Salt Lake International Airport) should be considered in any decision made regarding the future of these city treasures. At a minimum, the overall breadth and depth of benefits generated by Salt Lake City's portfolio of golf courses may give the City Council a level of comfort in providing one-time financial assistance by way of a contribution or long-term, interest-free loan to complete the necessary capital infrastructure to facilitate the environmentally prudent shift from culinary water to secondary water.

Regarding other potential recommendations under consideration by City Council, the Golf Advisory Board majority position is as follows:

1. We are in favor of alternative uses for golf course property that don't negatively impact traditional golf, and have the potential to increase operating revenues. The Golf Program hosted its first foot golf event at Nibley Park last October. Additionally, the Golf Program has a contract with The Utah Nordic Alliance to manage the cross country ski trail at Mountain Dell. Golf Program management has communicated to us that they will be expanding the foot golf concept and other alternative uses for golf property this coming summer.
2. We understand that the Golf Program has been working with its pro shop software provider, EZ Links, and SLC Purchasing and Contracts for the past year, and now has a mobile tee time app ready to make available to the public. While we do not think this technology will generate a large number of new rounds, it should be offered to golfers given the added convenience, use of popular technology, and potential for some incremental revenue.
3. Even with a limited marketing budget, the Golf Program "leads the league" among public golf course operators in the market with effective use of both traditional advertising and social media to promote Golf Program initiatives and specific golf course programming and events. We encourage the expansion of future marketing budgets to facilitate more facility-specific branding campaigns.

4. We are in favor of a multi-tiered, demand-based pricing model if projections show that it can increase total revenue by maximizing green fee revenue during peak-demand time periods and increasing rounds at a discounted fee during low-demand time periods. Such a structure could utilize some dynamic pricing elements. But, we are hesitant to recommend a full-scale dynamic pricing system. The majority of tee times at Salt Lake City courses are booked no more than one to two days in advance, with many tee times taken by walk-in customers who never reserve a tee time. Using a dynamic-pricing model that provides a discounted green fee for “last-minute tee times” could result in a significant increase in discounted rounds, thus potentially decreasing total revenue from green fees.

The Golf Advisory Board also encourages City Council to consider including necessary funding for priority golf capital projects, especially secondary water infrastructure, in any parks and recreation general obligation bond vote. And, we are of the opinion that county ZAP funds should be made available for golf improvements at all publicly-owned facilities given that the percentage of people in our community who play golf is on par with the percentage of citizens who take advantage of other government-provided recreation and arts programming.

Finally, the Golf Advisory Board urges the City Council to continue with the current operating structure of internal management. A study by the State of Utah regarding the option of outside management for its golf system shows hundreds of thousands of dollars in increased annual costs due to required management fees. Salt Lake City Golf’s top-level managers, (program director, marketing and business manager, head golf professionals, and superintendents) average more than twenty years of public golf management experience, not just years of employment. Many of these managers have spent their entire careers promoting Salt Lake City Golf. The loyalty to this public golf system among management-level staff is second to none. Additionally, many members of this management team have received golf industry association awards for their work, and have held leadership positions with local golf associations and tourism groups. We urge the City Council to involve this group of professional golf managers in the process of resolving this projected long-term fund deficit issue.

Thank you again for your consideration of the Golf Advisory Board’s position on these issues.



Golf Discussion Areas

\* = Item implies General Fund subsidy.

Key to Council Member names:  
CL-Charlie Luke; EM-Erin Mendenhall; JR-James Rogers;  
KL-Kyle LaMalfa; LA-Lisa Adams; LG-Luke Garrett; SP-Stan Penfold

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Alternatives with large and/or prompt effects on Golf Fund bottom line										
Relevant Policy Agreements		a. Make decisions based on the best interest of Salt Lake City residents. b. The status quo is not financially sustainable. c. The Golf Fund should be self-sustaining and without general fund subsidy. d. It is the fiduciary responsibility of the City Council to provide guidance to solve the Golf Fund’s long term financial problems.								
	Type of improvement sought	Budget Notes <i>(all figures are staff estimates based on available information. Depending on Council interest staff will be actively refining numbers where possible)</i>			Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree	
1	The City should issue a General Obligation bond to pay for achieving broad goals for trails, parks and golf courses.*	Capital	Golf Capital Needs = \$10-\$23m					CL	EM JR LA	KL LG SP
2	The City should adopt a private-management model for golf similar to the one used in Sacramento.* <i>(In this model, the city would pay for capital costs.)</i>	Management / Operating Deficit	Golf Capital Needs = \$10-\$23m			CL EM LG KL			JR SP	LA
3	The City should hire a temporary (3-year) “game changer” to improve Golf Fund financial performance.*	Management / Operating Deficit	Golf Capital Needs = \$10-\$23m			LG	EM		CL JR LA	KL SP
4	The City should close Wingpointe Golf Course promptly because the 2012 FAA ruling requires future lease payments that make the course financially unfeasible.	Operating Deficit	Would save Golf Fund \$170k in FY16 (\$400k in FY20)				LG		JR	CL EM KL LA SP
	4a. End lease for Wingpointe, and Council encourages Airport to maintain golf operations.								JR	CL EM KL LA LG SP
5	The City should accelerate shift to secondary water at all golf courses and allow the Golf Fund to realize the savings by paying construction and the debt service from the General Fund.*	Operating Deficit / Capital	Construction cost: \$7.5 million (without Wingpointe, this would drop to \$4.8 million). Annual savings: \$500k/year (without Wingpointe, \$300k/year). These figures assume Glendale and Rose Park are converted to secondary water using the previously-approved ESCO.			EM KL LG			CL LA	JR SP
6	The City should provide an annual subsidy from the general fund to the Golf Fund to compensate for broad open space benefits.*	Operating Deficit	TBD			CL EM KL SP		LG	JR LA	
Alternatives with smaller and/or slower effects on Golf Fund bottom line										
Relevant Policy Agreements		a. It is the fiduciary responsibility of the City Council to provide guidance to solve the Golf Fund’s long term financial problems. b. Making changes to the status quo operation plan improves the Golf Fund's financial position but does not position it well enough for long-term financial independence, nor would it allow any Capital Improvement needs to be met. This includes measures like reducing water usage, converting course irrigation systems to secondary water sources, increasing rounds of golf played, raising fees nominally and tweaking other operation expense budgets.								
	Type of improvement sought	Budget Notes			Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree	
7	The City should develop a SLCGolf app that takes advantage of dynamic pricing to increase golf revenue. <i>(Note: Golf Division staff indicates they have done some initial work on app that may meet some of these goals.)</i>	Management / Operating Deficit	Price TBD - Potential Revenue upside - \$400k						EM JR	CL KL LA LG SP
8	The City should allow alternative user groups on operational golf courses, either to enhance revenue or simply to more broadly share community benefits of golf open space.	Management / Operating Deficit	Conservative estimate for nominal fee for all alternative users \$50,000 per year (disc golf, walking, etc)					JR	LA LG	CL EM KL SP
9	The City should investigate the possibility of changing ordinances to allow for golf-related festivals on courses, including those that serve beer and wine.	Ordinance / Operating Deficit	Revenue impact - TBD					LA	JR	CL EM KL LG SP
10	The City should encourage the use of sponsorships at golf courses to fund some capital and other costs through ordinance changes.	Ordinance / Operating Deficit / Capital	Conservative estimate - \$100,000/year						JR LA	CL EM KL LG SP
11	The City should pay greater attention to branding at individual courses.	Management / Operating Deficit	Revenue impact - TBD						JR	CL EM KL LA LG SP
12	The City should prioritize potential capital investments at golf courses by distinguishing between those that are urgent and those that are “experience enhancements.”	Management / Capital	The Council may wish to review the full list of capital projects in detail and identify the appropriate mix of projects. Staff has attached the NGF and Administration CIP Recommendations as a starting point for discussions.					LG	CL JR LA	EM KL SP
Additional alternatives (relevant Council Policy Agreements vary)										
	Type of improvement sought	Budget Notes			Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree	
13	The City should close golf courses along the Jordan River and return them to wild land open space while retaining or increasing recreation opportunities.*	Land use / Operating Deficit / Capital	Cost to develop TBD - previous estimate \$100k/acre. Also, general fund would have to compensate Golf Fund for the portion of approved ESCO at each repurposed course.			JR LA	CL	EM	KL SP	LG
	13a. Forest Dale Golf Course only - Close and retain as open space.		Would cost Golf Fund \$4k in FY16 (save \$36k by FY20)			LA	CL JR	EM LG SP	KL	
	13b. Glendale Golf Course only - Close and retain as open space.		Would cost Golf Fund \$5k in FY16 (save \$170k by FY20)				CL LA JR	EM SP	KL LG	
	13c. Rose Park Golf Course only - Close and retain as open space.		Would save Golf Fund \$343k in FY16 (save \$575k by FY20)			LA	CL JR	EM KL LG SP		
	13d. Forest Dale and Glendale - Close and retain as open space.		Would cost Golf Fund \$10k (save \$206k by FY20)			LA	CL JR	EM SP	KL LG	
	13e. Forest Dale and Rose Park - Close and retain as open space.		Would save Golf Fund \$339 in FY16 (save \$611k by FY20)			LA	CL JR	EM SP	KL LG	
	13f. Glendale and Rose Park - Close and retain as open space.		Would save Golf Fund \$338k in FY16 (save \$745k in FY20)			LA	CL JR LG	EM KL SP		
14	The City should completely absorb Golf Fund into general fund. <i>(Council discussed but not formally raised as straw poll.)</i>	Capital / Operating Deficit				CL EM KL LG SP			JR LA	
15	The City should apply for ZAP to fund golf course capital projects. <i>(Council discussed but not formally raised as straw poll.)</i>	Capital	Amount and timing of funds is at the discretion of the County, who administers the ZAP funds, in a competitive process with other County parks needs.						EM JR KL LA LG SP	CL
16	The City should reduce the number of Golf Fund staff. <i>(Discussed but not formally raised as straw poll.)</i>	Management / Operating Deficit					CL KL	EM LG SP	JR	LA
17	The City should pursue public-private partnerships for clubhouse operations and capital, including potentially allowing privately-built clubhouses. <i>(Not formally raised as straw poll.)</i>	Capital / Operating Deficit					CL KL		EM JR LA SP	LG

- Council Member Rogers expressed his preferences as Disagree and Agree, removing the qualifier "Somewhat."  
- Council Member Adams would like to know more about any potential for Public Utilities to purchase the back nine of Rose Park and provide basic maintenance, while the golf course provides the additional maintenance needed for continued use for golf.

EM: for conversion of some courses to parks and secondary water upgrades  
SP: not sure about how much should be for golf

LA: discuss branding at Nibley

KL: Priority on restrooms

CL: it depends on details;  
EM: I want to better understand the impact of the alternatives before closing others beyond Wingpointe;  
SP: I need more info and cost info: what is general fund impact?

KL: I can't answer without a maintenance plan

SP: if this is an option we should proceed

SP: it would depend on details



Summary of implications of golf course closures\*

	Forest Dale	Glendale	Nibley (Added as a result of Brainstorming with the Administration)	Rose Park
Course Acres	55 maintained 6 other	160 Maintained 16 other	46 maintained 6 other	140 maintained 16 other
<b>Golf Fund Implications</b>				
Cost/Savings	Increase deficit by \$4,000 in year 1, reduce deficit by \$36,000 in year 5	Increase deficit by \$5,000 in year 1 and save \$170,000 in year 5	Increase deficit by \$29k in year 1 and by \$86k by year 5	Reduce deficit by \$343,000 in year 1 and by \$575,000 in year 5
Future CIP Cost Avoidance (not including secondary water)	\$1.8m in Golf CIP cost avoidance	\$845k in CIP savings	\$4m in CIP cost avoidance (most of cost is irrigation and secondary water - \$2.8 million - might have to be covered by GF or Bond)	\$2.3m in CIP cost avoidance
Secondary Water Cost Project Avoidance (Gen Fund may pay)	\$1.2m in "new" secondary water project cost avoidance	Already paid for in approved ESCO - Gen Fund would pick up debt service	\$1.3m in "new" secondary water project cost avoidance	Already paid for in approved ESCO - Gen Fund would pick up debt service
<b>General Fund Implications</b>				
General Fund payment of approved ESCO debt	n/a	\$172,000/year	n/a	\$88,000/year
On-going General Fund Maintenace Cost Baseline/Medium				
(Status Quo/No Improvements)	\$143,000/year	\$416,000/year	\$119,000/year	\$364,000/year
Manicured (Heavily Improved)	\$583,000/year	\$1,700,000/year	\$488,000/year	\$1.5 million/year
Purchase Value (value based on open space rates as estimated by the Adminsitration)	\$2.9 million	\$2.0 million	\$1.7 million	\$4.0 million Back nine only: \$2.0 million
Potential general fund bond/appx debt service				
Secondary water only	\$1.2m bond/\$179k debt per year	n/a	\$1.5m bond/\$130kdebt per year	n/a
Other Improvements	\$19m bond/\$1.4m debt per year (assumes \$300k per developed acre, plus 15% contingency)	\$30.6m/\$2.2m debt per year (assumes 50% at \$30k/acre & 50% at \$300k/acre, plus 15% contingency)	\$15.9m bond/\$1.2m debt per year (assumes \$300k per developed acre, plus 15% contingency)	n/a

\*Note: All figures are staff estimates based on best information available from the Administration and the Council's Municipal Finance Consultant.

*Note: Some of these questions and answers are re-stated and re-formatted from questions that have previously been included in the Golf FAQ document, made public early in the Council's process.*

### **Can the public make their views heard regarding potential changes to the Golf Fund?**

**Answer:** Yes! The Chair has set a goal of February 10, 2015 for the Council to narrow down its potential recommendations to the Mayor on how to make the City's public golf system financially sustainable for the future. The Administration then begins the process of putting together a balanced budget for FY 2016, and may include the Council's recommendations in whole or in part. The Council will receive the Mayor's proposed FY 2016 budget in late April or early May, and will begin its budget process, which includes public hearings and nearly a month and a half of public discussions. As the budgeting and zoning authority for the City, any major final change to the Golf Fund will be a decision of the Council. However, the Administration does have the legal authority to decide how to run operations within the allotted budget. The Administration has indicated they would like to participate in this process with the Council and arrive at a mutually-agreeable solution. Implementing any recommendation that the Council might arrive at will likely take a number of formal actions over the course of the next year, all of which will have their own elements of public comment and public process, which the Council welcomes.

### **Will the City sell any course for commercial, multi-family or industrial development?**

**Answer:** The Council has not arrived at any final conclusions, but has made it clear it prefers Open Space as a community asset, which could include turning a course into a park-like amenity for all to use. Other changes that would make any of the courses multi-use amenities could include adding disc golf, off-leash dog parks, nature preserves, or other amenities.

### **Would using secondary water at all courses save enough money to resolve golf's financial problems?**

**Answer:** No. Even if all golf courses were irrigated with secondary water, the savings generated would not be sufficient to put the Golf Fund back into the black in a long-term sustainable way. Significant operational changes are also needed to avoid further deficits.

The on-going savings from using secondary water are considerable, but building the necessary pumps and connections is expensive. Viable secondary water sources must be identified for each course as well. Secondary water is already used at Mountain Dell, and the Council has approved plans (known as an ESCO) to provide secondary water at Glendale and Rose Park Golf Courses. However, since the Golf Fund currently does not have the financial resources needed to pay for installation, the required ESCO payments would essentially erase the savings from secondary water for many years into the future.

The only way around this dilemma would be for the general fund to pay for the shift to secondary water on golf courses. And again, even if the City's general fund did pay this, the savings for the Golf Fund would not be sufficient to get golf back into the black for the long term.

### **Q: What does the FAA have to do with Wingpointe Golf Course?**

**Answer:** The land where Wingpointe is located is owned by the Salt Lake City Department of Airports, which receives a significant share of its funding from the Federal Aviation Administration (FAA). In 2012, an FAA compliance review directed the Golf Fund to pay "fair market value" for use of this land to the Airport Fund (which is another City enterprise fund). The Golf Fund had previously paid only \$1 per year, but this could rise to as much as \$700,000 per year. The FAA did allow for a series of "ramp-up" years with escalating lease payments until 2017.

Wingpointe has operated at a profit in only three of the past twelve years, and a sharp increase in the lease payment would only make its financial situation worse. This is why both the Council's Golf Task Force and its municipal finance consultant recommended that this course be closed immediately to stem further Golf Fund losses. The City Council may choose to recommend that the airport continue golf operations at Wingpointe, but ultimately it is up to airport authorities to manage airport property.

#### **When did Salt Lake City Golf become an enterprise fund?**

Answer: City records indicate that the Golf Fund has been enterprise fund since 1964. All City enterprise funds must be self-sustaining, but in recent years the Golf Fund has experienced deficits of nearly \$500,000 in its operating budget. In previous years these deficits were handled by drawing down Golf Fund reserves, but these are now exhausted. The on-going operating deficits also mean that the Golf Fund has been unable to make investments in improvements to courses, including secondary water.

#### **Do fees paid by golfers support other recreational activities in Salt Lake City?**

Answer: No. As an enterprise fund, all profits generated at golf courses are used only for golf. For a brief time during the 1990s, some revenue from the Golf Fund was used for broader recreation purposes. However, this practice was stopped and the general fund repaid that money to the Golf Fund. No further transfers between the two funds occurred until the property transactions approved by the Council in late 2014, to address the deficits in FY 2014 and FY 2015.

#### **Will anticipated growth in Salt Lake City's population return the Golf Fund to profitability?**

Answer: The Golf Fund faces a long-term systemic problem: all of the courses along the Wasatch Front are competing for a shrinking number of golfers. The number of rounds played at Salt Lake City golf courses between 2004 and 2013 dropped by 1.9% per year on average, even while the City added nearly 13,000 new residents (see below). City population is expected to grow by fewer than 12,000 residents between 2014 and 2030, so population growth alone is unlikely to lift the number of rounds played at Salt Lake City courses.

	<b>Rounds played at SLC golf courses</b>	<b>SLC total population</b>
<b>2004</b>	469,276	178,487
<b>2005</b>	446,361	176,676
<b>2006</b>	465,514	178,965
<b>2007</b>	471,454	178,810
<b>2008</b>	458,561	180,722
<b>2009</b>	471,885	183,102
<b>2010</b>	450,600	186,440
<b>2011</b>	413,454	188,010
<b>2012</b>	461,655	189,314
<b>2013</b>	421,035	191,180
<b>2014</b>	420,229	Not yet available