



Memorandum

CITY COUNCIL *of* SALT LAKE CITY

TO: City Council Members

FROM: Jennifer Bruno and Allison Rowland
Council Staff

DATE: February 24, 2015

RE: **Golf Fund Long Term Budget issues**

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.

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.

- Staff will be ready to prepare edits to potential scenarios at the Council meeting, at Council direction.
- The Administration has also

Follow-Up Information

At the [February 10 discussion](#), the Council asked for a number of pieces of follow-up information:

1. **Nibley Golf Course property ownership information –**
 - The Administration has ordered a full title report for the Nibley Property, which the Administration hopes to receive in time for the February 24th discussion.
 - The Attorney's Office has also researched the issue and is prepared to discuss matters in an attorney-client setting if the Council is interested.
2. **More information on bonding capacity –**
 - The Administration is updating an analysis to illustrate the City's bonding capacity within existing resources (that is, bonds that could be supported with existing general fund revenues, such as Sales Tax Bonds). This analysis will be available in time for the February 24th discussion.



- o Because General Obligation (GO) Bonds are supported by a corresponding increase in property taxes, the same capacity issues do not apply as would with other types of bonds. They do require the willingness of the voters to support any bond proposition that is put forward.

3. More refinement on potential recreation repurposing development costs –

- The Administration has asked Public Services and Engineering to do basic diagram and cost estimates for all potentially-closed courses (It should be noted that the Council has expressed its intent to repurpose closed courses as open space, with the exception of Wingpointe, which is Airport property). The Administration hopes these will be completed next week, and will have **them ready for the Council's February 24th discussion.**
- Absent these more refined cost estimates from the Administration, the following chart provides a very basic breakdown of potential uses and costs as outlined in the last Council discussion:

	Forest Dale	Glendale	Nibley (Added by staff 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
Purchase Value (value based on open space rates as estimated by the Administration)	\$2.9 million	\$2.0 million	\$1.7 million	\$4.0 million Back nine only: \$2.0 million
On-going General Fund Maintenance Cost				
Baseline/Medium (Status Quo/No Improvements)	\$143,000/year	\$416,000/year	\$119,000/year	\$364,000/year
Manicured (Heavily Improved, lighting, restrooms, signage)	\$583,000/year	\$1,700,000/year	\$488,000/year	\$1.5 million/year
General Fund payment of approved ESCO debt	n/a	\$172,000/year	n/a	\$88,000/year
Potential Alternative Uses	Walking Trails, Bike Paths, Boweries, Dog Off-leash opportunities, Disc Golf, etc	50% native habitat restoration, Walking trails, 50% active recreation such as soccer fields, Dog off-leash area, etc.	Active recreation such as soccer fields, Dog off-leash areas, walking trails, potentially keep driving range	50% native habitat restoration, 50% active recreation (see Glendale)
Potential general fund bond/appx debt service				
Secondary water only	\$1.2m bond/\$179k debt per year	(see ESCO payment)	\$1.5m bond/\$130k debt per year	(see ESCO payment)

Full Redevelopment – Alternative Uses	\$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)	\$26.5m/\$2m debt per year (assumes 50% at \$30k/acre & 50% at \$300k/acre, plus 15% contingency)
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4. **More information on secondary water options –**

- o Staff is engaging with Public Utilities on options for partnerships in installing secondary water at the remaining Golf Courses. Public Utilities recently has begun to study this issue in greater depth.
- o The public policy justification for this partnership would be the long term benefits in making the Public Utilities resource more sustainable.
- o The timing to have specific details on this potential partnership opportunity may not line up for the Council's need to make a decision regarding the Golf Fund.

5. **Balance of Sustainability funds** (one-time) -

- o In 2010 the City received a one-time payout of \$5.5 million relating to the Landfill. At that time, the Council supported the policy direction of earmarking these funds for sustainability projects. Since then, approximately \$3 million has been spent, and another \$560,000 has been requested in conjunction with Budget Amendment #2 ([see attached chart for list of previous uses](#)).
- o In 2014, the Sustainability Division forwarded a business plan to the Council that outlined a number of other potential future programs that this money could be spent on. This accounts for another \$1.4 million in “potential uses.” The Business Plan did not propose how to use the remaining \$541,500 in the Sustainability Fund. It should be noted that while the Council has approved the business plan for the Sustainability Fund, the Council has not reviewed and approved each proposed expenditure request:

Remaining Sustainability Business Plan Proposals

Local Food System	\$185,000
Expanding Green waste to incl Food	\$370,000
Energy Efficiency projects additional loan fund	\$550,000
Historic Preservation grants or loans	\$300,000

Total Business Plan Proposals \$1,405,000

- o If the Council were to consider only funds NOT proposed for use in the Sustainability business plan, there would be **\$541,500 remaining**. If the Council were to consider all unencumbered/unrequested Sustainability funds, there would be **\$1,945,000 remaining**.
 - The Council could consider the policy justification of using these funds toward a project with a long term impact on resource management and sustainability (such as a secondary water system), rather than short-term one-time projects.
 - It could be argued that eliminating the use of treated drinking water for watering some public open spaces is in keeping with the public purpose of the sustainability funding.

6. **Concessionaire model/management contract options**

- o Staff has prepared the attached chart outlining the various distinctions in different operating models.
 - It should be noted that in all models except the Operating Lease Model (typically for a longer term), the City would still be responsible for varying levels of Capital investment.
 - It should also be noted that the elements in the attached chart are the typical characteristics of the different models, and do not necessarily mean that the City will receive a response to the Request For Proposals (RFP) with the exact same characteristics.
 - To preserve options and evaluate all scenarios, the City/Council could elect to issue a broad RFP and see what the private sector returns with, although this could significantly extent the timeline for evaluation (see RFP timeline notes below).

Outline of RFP process

- Typically a six to twelve month process
 - 3 Months: RFP development. (Staff may be able to accelerate this using information from Matrix Report)
 - 2 Months: Public response period.
 - 2 Months: City review and selection process.
 - 1 Month: City negotiations with contractor on final details.
- Note: Occasionally the City finds that no proposals received meet the legal and financial parameters of the RFP. In this case, the City may choose to adjust the parameters and issue a new RFP, or it may instead search for another solution to the issue.
- The general fund presumably would pay the Golf Fund deficit that accumulates during this 6-12 month period. Without other changes to the Golf Fund, the amount of this payment is projected to be \$671,273 in FY 2016. If only Wingpointe is closed, this would drop to \$501,779 for that year. If the RFP process were to extend to two years, the projected base deficit of the Golf Fund for FY 2017 is \$738,433 (unless only Wingpointe is closed, in which case the deficit for FY 2017 is projected to be \$510,313).

Five Year Deficit Analysis

Staff has prepared the following analysis to show what the Golf Fund's operating deficit could be if some of the decisions are implemented that seem to have a solid majority of Council support. These items include:

- Closing Wingpointe, and recommending that the Airport continue to operate it as a Golf Course
- Installing secondary water at all remaining courses
- Other operational changes (dynamic pricing, alternative user groups, expanded festival use, etc.)

5-Year Deficit Analysis - assuming only Wingpointe is closed						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Projected Golf Fund Deficit	\$ (671,273)	\$ (738,433)	\$ (812,113)	\$ (1,046,635)	\$ (1,227,666)	\$ (4,496,120)
Potential Savings Areas:						
Wingpointe Closing	\$ 169,494	\$ 228,120	\$ 285,961	\$ 343,070	\$ 399,497	\$ 1,426,142
Secondary water savings** (savings on all but Wingpointe - assumes Golf Fund does not pay debt service)	\$ -	\$ 311,460	\$ 311,460	\$ 311,460	\$ 311,460	\$ 1,245,840
Other operational Changes* dynamic pricing, alternative uses, festival use	\$ -	\$ -	\$ 100,000	\$ 200,000	\$ 200,000	\$ 500,000
Net Deficit before other factors	\$ (501,779)	\$ (198,853)	\$ (114,692)	\$ (192,105)	\$ (316,709)	\$ (1,324,138)
*This is an estimate. Many other variables could affect the profitability of each of these items including Administrative implementation choices and competition regionally.						
**These figures assume that a different source will bond for Installing water at Bonneville, Nibley, and Forest Dale Golf courses. Glendale and Rose Park will have secondary water installed by a previously approved ESCO, which is still assumed to be paid for by the Golf Fund.						

It is important to note the following:

- **This assumes no significant investment in any capital projects.** Getting the Golf fund to “zero deficit” would allow the trend of deteriorating course condition and amenities to continue.
- Because less dramatic operational changes such as dynamic pricing and corporate sponsorship of amenities may require several years to realize additional revenues, staff has omitted revenue figures for these items until FY 2018, although staff assumes that they would be included in any recommendation forwarded by the Council.
- Many other variables could affect the profitability of each of these ongoing operational items including implementation choices by the Administration and **changes in the region's competing courses.**

Staff has also prepared an analysis of the deficit condition if both Wingpointe and Glendale are closed, if the General Fund pays to install secondary water at remaining courses, and if other operational changes are made:

5-Year Deficit Analysis - assuming Wingpointe and Glendale are Closed						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Projected Golf Fund Deficit	\$ (671,273)	\$ (738,433)	\$ (812,113)	\$ (1,046,635)	\$ (1,227,666)	\$ (4,496,120)
Potential Savings Areas:						
Wingpointe Closing	\$ 169,494	\$ 228,120	\$ 285,961	\$ 343,070	\$ 399,497	\$ 1,426,142
Glendale closing	\$ (5,525)	\$ 38,340	\$ 82,176	\$ 126,001	\$ 169,832	\$ 410,824
General Fund payment of Glendale ESCO portion	\$ 171,979	\$ 171,979	\$ 171,979	\$ 171,979	\$ 171,979	\$ 859,895
Secondary water savings** (savings on all but Wingpointe - assumes Golf Fund does not pay debt service)	\$ -	\$ 311,460	\$ 311,460	\$ 311,460	\$ 311,460	\$ 1,245,840
Other operational Changes* dynamic pricing, alternative uses, festival use	\$ -	\$ -	\$ 100,000	\$ 200,000	\$ 200,000	\$ 500,000
Net Deficit before other factors	\$ (335,325)	\$ 11,466	\$ 139,463	\$ 105,875	\$ 25,102	\$ (53,419)
*This is an estimate. Many other variables could affect the profitability of each of these items including Administrative implementation choices and competition regionally.						
**These figures assume that a different source will bond for Installing water at Bonneville, Nibley, and Forest Dale Golf courses. Glendale and Rose Park will have secondary water installed by a previously approved ESCO, which is still assumed to be paid for by the Golf Fund.						

Key Findings – While researching this issue, Staff has noted the following findings that may be helpful to consider as “points of fact” for the Council’s discussion.

- Golf rounds played at Salt Lake City golf courses have dropped 18.4% since 2001.
- There are at least 25 courses within driving distance from Salt Lake City courses.
- **Regardless of the Council’s recommendations regarding the Golf Fund, there will likely be a deficit in Fiscal Year 2016, possibly extending into FY 2017, and this will have to be covered either by the Golf Fund or the general fund.**
- Closing Wingpointe and having the general fund pay for secondary water would not **resolve the Golf Fund’s deficit or provide resources for deferred maintenance and capital improvements.**
- Because there is revenue generated by golf, the cost of keeping golf courses open, even in a deficit situation, while the public discussion continues is roughly equal the cost of providing basic maintenance on those same courses (see next bullet for details).
- If two courses were closed and the General Fund paid for basic maintenance until new uses were determined, it would cost approximately \$535,600 in the first year and \$1,087,300 for the second (\$1.6m total). If only Wingpointe is closed and the general fund paid the deficit, it would cost \$501,779 for one year and \$1,012,092 for the second year (\$1.5m total). ***It should be noted that the deficit in the Golf Fund deficit is projected to increase over a 5 year term if trends in rounds played continue, so keeping a course open eventually will get significantly more expensive than General Fund basic maintenance.***

New Scenarios from Council Members

Staff has heard proposals from two Council Members, outlined below:

Council Member Adams	Council Member Penfold
Operational changes including dynamic pricing, sponsorships, and alternative uses.	Operational changes including dynamic pricing, sponsorships, and alternative uses.
Close Wingpointe and ask Airport to consider operating	Close Wingpointe and ask Airport to consider operating
Repurpose Glendale for a major regional open space amenity on the West Side – pay for repurposing with GO Bond	Repurpose Glendale for a major regional open space amenity on the West Side – pay for repurposing with GO Bond.
Install secondary water at other Golf Courses using either General Fund or GO Bond	Install secondary water at other Golf Courses using General Fund and/or partnerships with Public Utilities.
Hire “Game Changer” either as a permanent concessionaire or temporary agreement	--
--	Investigate potential for repurposing Nibley within scope of existing legal agreement, preserving the existing driving range, potentially include in GO Bond.
--	GO Bond could be broader than just repurposing Glendale and possibly Nibley – Bond could be expanded to include broader connectivity of trails and open space throughout the City.
--	Keep courses operating as Golf courses until GO Bond results are known. General Fund would take on deficit in the interim period.
Golf Fund Budget Impact: Year 1 (FY 2016) – Deficit of \$335,325 Year 2 (FY 2017) – Surplus of \$11,466 Year 3 (FY 2018) – Surplus of \$139,463	Golf Fund Budget Impact: Year 1 (FY 2016) – Deficit of \$358,864 Year 2 (FY 2017) – Deficit of \$63,628 Year 3 (FY 2018) – Surplus of \$50,596
General Fund Budget Impact: Year 1 – \$1,240,646 (assumes basic level maintenance of Glendale while GO bond is pursued, ST bond issued for secondary water projects, and payment of “Game Changer”) Year 2 – range of \$1,240,646-TBD (depends on the level of maintenance required at Glendale)	General Fund Budget Impact: Year 1 – \$358,864 (includes paying for Golf Fund deficit to allow operations to continue) Year 2 – (includes paying for Golf Fund deficit) Year 3 – (assumes maintenance of open space at medium level)
GO Bond Details: Repurposing Glendale to become a major regional and neighborhood amenity, taking advantage of the river corridor Amount – TBD	GO Bond Details: <ul style="list-style-type: none"> - Repurposing Glendale to become a major regional and neighborhood amenity, taking advantage of the river corridor and linkages to other trail systems - Look at other key trail linkages in the City’s urban trail system and potentially include these linkages in the Bond - Potentially repurposing Nibley to serve active recreation in that area (soccer fields, dog off leash areas, etc.) Amount – TBD

5-Year Deficit Analysis - Council Member Adams' Proposal						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Projected Golf Fund Deficit	\$ (671,273)	\$ (738,433)	\$ (812,113)	\$ (1,046,635)	\$ (1,227,666)	\$ (4,496,120)
Potential Savings Areas:						
Wingpointe Closing	\$ 169,494	\$ 228,120	\$ 285,961	\$ 343,070	\$ 399,497	\$ 1,426,142
Glendale closing	\$ (5,525)	\$ 38,340	\$ 82,176	\$ 126,001	\$ 169,832	\$ 410,824
General Fund payment of Glendale ESCO portion	\$ 171,979	\$ 171,979	\$ 171,979	\$ 171,979	\$ 171,979	\$ 859,895
Secondary water savings** (savings on all but Wingpointe - assumes Golf Fund does not pay debt service)	\$ -	\$ 311,460	\$ 311,460	\$ 311,460	\$ 311,460	\$ 1,245,840
Other operational Changes* dynamic pricing, alternative uses, festival use	\$ -	\$ -	\$ 100,000	\$ 200,000	\$ 200,000	\$ 500,000
Net Deficit before other factors	\$ (335,325)	\$ 11,466	\$ 139,463	\$ 105,875	\$ 25,102	\$ (53,419)
*This is an estimate. Many other variables could affect the profitability of each of these items including Administrative implementation choices and competition regionally.						
**These figures assume that a different source will bond for Installing water at Bonneville, Nibley, and Forest Dale Golf courses. Glendale and Rose Park will have secondary water installed by a previously approved ESCO, which is still assumed to be paid for by the Golf Fund.						

5-Year Deficit Analysis - Council Member Penfold's Proposal						
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
Projected Golf Fund Deficit	\$ (671,273)	\$ (738,433)	\$ (812,113)	\$ (1,046,635)	\$ (1,227,666)	\$ (4,496,120)
Potential Savings Areas:						
Wingpointe Closing	\$ 169,494	\$ 228,120	\$ 285,961	\$ 343,070	\$ 399,497	\$ 1,426,142
Glendale closing (assumes continued Golf operations until FY 2017)		\$ 38,340	\$ 82,176	\$ 126,001	\$ 169,832	\$ 416,349
General Fund payment of Glendale ESCO portion	\$ 171,979	\$ 171,979	\$ 171,979	\$ 171,979	\$ 171,979	\$ 859,895
Close Nibley	\$ (29,064)	\$ (42,094)	\$ (55,867)	\$ (70,414)	\$ (85,768)	\$ (283,207)
Secondary water savings** (savings on all but Wingpointe - assumes Golf Fund does not pay debt service)	\$ -	\$ 278,460	\$ 278,460	\$ 278,460	\$ 278,460	\$ 1,113,840
Other operational Changes* dynamic pricing, alternative uses, festival use	\$ -	\$ -	\$ 100,000	\$ 200,000	\$ 200,000	\$ 500,000
Net Deficit before other factors	\$ (358,864)	\$ (63,628)	\$ 50,596	\$ 2,461	\$ (93,666)	\$ (463,101)
*This is an estimate. Many other variables could affect the profitability of each of these items including Administrative implementation choices and competition regionally.						
**These figures assume that a different source will bond for Installing water at Bonneville and Forest Dale Golf courses. Glendale and Rose Park will have secondary water installed by a previously approved ESCO, which is still assumed to be paid for by the Golf Fund.						

The following information was included in the February 10 staff report, outlining potential Golf Fund scenarios.

Overview of scenarios¹:

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.

¹ 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.

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.
 - 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** *(From February 10, 2015 Discussion)*
- Attachment 2 – **Budget Impacts Chart** *(From February 10, 2015 Discussion)*
- Attachment 3. NEW – **REVISED Golf CIP Priorities** – *(From February 10, 2015 Discussion)*
The Administration has provided the attached list of revised CIP priorities.
- Attachment 4 – City **Golf Advisory Board Response to Council** – *(From February 10, 2015 Discussion)* - *The Council Office received this response on February 4, 2015.*
- Attachment 5 – **Results of Council Feb 3 Work Session discussion**
- ***New*** Attachment 6 – **Sustainability Funds Tracking**
- ***New*** Attachment 7- **Contractors Operating Models**

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.

[Back to Staff Report](#)

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	Forest Dale Status 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	Glendale Status 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	Nibley Status (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	Rose Park Status 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	Additional Secondary Water Projects (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	Contract Position "Game Changer" to oversee management General Fund Budget Impact - Appx \$150kper year (3 year contract)	yes	yes	yes	yes	yes	no
7	ZAP Application to County for Capital 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

CHART 4

Cumulative Budget Impacts

Back to Staff Report

CHART 4

Cumulative Budget Impacts

Back to Staff Report

		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	-	-	-	-	-	-
	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
	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
	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
25	Total Estimated Debt	\$ 7,640,003	\$ 6,831,403	\$ 9,836,603	\$ 9,731,403	\$ 12,736,603	\$ 10,119,403
26							
27	Annual Long Term General Fund Costs						
	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
28	Assumption of ESCO Payments (Glendale and/or Rose Park)	-	\$ 171,979	\$ 87,068	\$ 171,979	\$ 87,068	\$ 171,979
29	Other Operational Changes - includes Game Changer	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
30	Maintenance (Assumes Medium Maintenance)						
31	Forest Dale	\$ 143,000	-	-	\$ 143,000	\$ 143,000	-
32	Glendale	-	\$ 416,000	-	\$ 416,000	-	\$ 416,000
33	Nibley	-	-	-	-	-	\$ 119,600
34	Rose Park	-	-	\$ 364,000	-	\$ 364,000	-
35	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						
	Glendale - improve as "Enhanced" natural open space - appx \$30.4m Bond 80 acres @ \$300k/acre (plus 15% contingency)						
39	80 acres @ \$30k/acre (plus 15% contingency)	-	\$ 2,233,942	-	\$ 2,233,942	-	\$ 2,233,942
	Nibley - improve as enhanced open space - appx \$15.9m Bond 46 acres @ \$300k/acre	-	-	-	-	-	\$ 1,167,742
40							
41	Forest Dale - improve as enhanced open space - appx \$19m Bond 55 acres @ \$300k/acre	\$ 1,396,214	-	-	\$ 1,396,214	\$ 1,396,214	-
	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
42							
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

Back to Staff Report

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
Bonneville						
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	-	-	-	-	-	-
Bonneville Total	(10,368,260)	(3,736,600)	-	1,913,624	745,000	(1,077,976)

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
Forest Dale						
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	-	-	-	-	-	-
Forest Dale Total	(3,053,267)	(3,053,267)	-	274,323	502,000	(2,276,944)

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
Glendale						
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	-	-	-	-	-	-
Glendale Total	(1,171,900)	(1,149,900)	42,640	-	774,000	(333,260)

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
Mountain Dell						
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	-	-	-	-	-	-
Mountain Dell Total	(8,091,400)	(2,243,100)	58,740	-	1,735,000	(449,360)

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
Nibley						
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 Imprvmts, 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	-	-	-	-	-	-
Nibley Total	(4,242,336)	(4,010,936)	-	231,476	382,000	(3,397,460)

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

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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
Rose Park						
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	-	-	-	-	-	-
Rose Park Total	(2,424,600)	(2,180,900)	-	-	430,000	(1,750,900)

Golf CIP Projects (Without ESCO)
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Wingpointe						
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)
Wingpointe Total	(3,209,200)	(3,109,200)	-	1,290,758	180,000	(1,638,442)
Grand Total	(32,560,963)	(19,483,903)	101,380	3,710,181	4,748,000	(10,924,342)

Memorandum

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.



Back to Staff Report

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

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 KL EM 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

Back to Staff Report

Breakdown for the use of the \$5.5M

Last Updated: 1/28/15

	Year	Total Project Budget	Total Actual Expense
Used and Approved to Date:			
Community Food Chain Study	FY11	110,000	114,875
Solar Study	FY11	100,000	54,584
GPS Units	FY12	16,000	15,435
Photovoltaic Array: electricity	FY12	1,500,000	1,500,000
Photovoltaic Array: infrastructure	FY13	300,000	300,000
CDBG / Wasatch Community Gardens	FY13	22,500	22,500
CDBG / Wasatch Community Gardens	FY14	22,500	22,500
Climate Adaptation - Brendle Consultant	FY14	120,000	34,526
Energy Efficiency projects	FY15 Approved	50,000	0
CDBG / Wasatch Community Gardens	FY15 Approved	22,500	11,250
One-time Replace two cycle engine tools (1st Transfer)	FY15 Approved	20,000	20,000
Install 4 CNG pumps for street sweepers at Refuse CNG station	FY15 Approved	162,500	162,500
BA#1 Fruit Share Program	FY15 Approved	105,000	0
BA#1 Revolving Loan items Lighting & Chiller	FY15 Approved	400,000	400,000
CDBG / Wasatch Community Gardens	FY16 Budgeted	22,500	0
One-time Replace two cycle engine tools (2nd Transfer)	FY16 Budgeted	20,000	0
Total used or approved to date		2,993,500	2,658,170
Proposed in Budget Amendments:			
BA#2 Incubator Kitchen	FY15 Proposed BA#2	500,000	0
BA#2 FINNI Grant Support	FY15 Proposed BA#2	60,000	0
Total Proposed in Budget Amendments		560,000	0
Total used, approved, or proposed		3,553,500	2,658,170
Business Plan Proposals - Approved by Council			
Local Food System		185,000	
Expanding Green waste to incl Food		370,000	
Energy Efficiency projects additional loan fund		550,000	
Historic Preservation grants or loans		300,000	
Total Business Plan Proposals (approved by Council)		1,405,000	
Total undesignated		541,500	
Total	Total S/B \$5.5	5,500,000	

Back to Staff Report

Attachment 7. Contractor Operating Models

	Daily operations	Fees and operating costs	Revenue	Golf course maintenance	Capital improvements	Management services
Concession Agreement Model The city grants an outside contractor a license to provide all or a portion of the day-to-day operations of the golf course. Length of agreement varies based on selected services.	Contractor responsible for daily operation of selected services City may retain substantial responsibility for portions of operation	Contractor responsible for all operating expenses City retains control over fees and operating policies Contractor hires and trains personnel	Contractor retains all revenues City receives minimum rental payment and a percentage of gross revenues City retains control over budget	Contractor may be responsible for golf course maintenance	City responsible for capital improvements City responsible for maintenance equipment, clubhouse furnishings, and licenses	City responsible for human resource functions, procurement, marketing City maintains contract compliance
Management Agreement Model The city contracts on a fee-for-service basis with a professional golf management firm to provide day to day management of the golf course operations. Contract is generally for two to five years.	Contractor responsible for daily operations	Contractor responsible for all operating expenses City pays firm a fixed management fee plus a predetermined percentage of revenues based on performance targets City retains greatest control over operating decisions among models Contractor hires and trains personnel	City retains all revenues Contractor collects and accounts for revenues City retains control over budget Provides greatest potential for city revenue among models Contractor prepares annual operating budget	City retains responsibility for maintenance	City responsible for capital improvements City responsible for maintenance equipment, clubhouse furnishings, and licenses City maintains reserve fund for capital improvements	Contractor responsible for human resource functions, procurement, marketing City maintains contract compliance
Operating Lease Model The city establishes a long term ground lease of the golf course property to a private party who provides overall management and administration of the facilities. Lease agreements range from 15 to 30 years.	Contractor responsible for daily operations City retains least control over golf course operations among models	Contractor retains revenues generated from operations Contractor reserves right to raise fees Contractor can reduce service levels Contractor hires and trains personnel	City receives rental payment from the lessee Contractor bears financial risk Provides least amount of revenue to City among options	Contractor responsible for golf course maintenance	Contractor responsible for all capital improvements to the facilities Contractor responsible for maintenance equipment, clubhouse furnishings, and licenses Contractor contributes to a capital improvement reserve fund	Contractor responsible for human resource functions, procurement, marketing City maintains contract compliance
Hybrid Model The city creates a model consisting of some combination of city operations, concessionaire agreements, management agreements and/or maintenance contracts.	Most common hybrid model includes a concession agreement for golf course operations	City role varies depending on agreement	City role varies depending on agreement	Most common hybrid model include city retention of golf course maintenance		