Memorandum

CITY COUNCIL *of* SALT LAKE CITY

TO: City Council Members

FROM: Jennifer Bruno and Allison Rowland
Council Staff

DATE: February 3, 2015

RE: **Golf Fund Options**

Council Sponsor: *n/a - Budget*

This memo is intended to facilitate Council policy discussions on how to resolve the City's Golf Fund financial issues. Staff identified potential discussion areas from Council Member comments on January 20, after the recommendations presented by the Golf Fund Citizen Task Force, students from local universities, and the Council's municipal finance consultant. *Please note that the municipal finance consultant's final report will be available to Council on Monday, February 2.*

Potential Council discussion areas for the work session are organized below into three categories (see **Golf Discussion Guide**):

- Those with relatively large and/or prompt effects on the Golf Fund's bottom line;
- Those with smaller and/or slower effects;
- Those that do not neatly fit the previous categories, or that were not officially proposed by Council Members as straw polls.

The discussion areas are listed in blue cells, along with the most directly-relevant Council Policy Agreements. Within the discussion areas, each individual alternative identified as a Council interest is phrased as a statement, with more detailed information on the type of policy improvement sought and its budget implications. The final columns present a framework for capturing each Council Member's views on each item, and range from strong disagreement to strong agreement.

Note that most of these alternatives have some aspects that may be considered legislative and others that are more administrative. The details considered in each item are likely to determine whether such decisions are appropriate for the legislative body. Staff can identify these lines as Council interests become more clearly defined.

The goal of the briefing is to receive Council input on these various discussion areas. This will allow staff to identify scenarios that make sense for the Council to further consider and discuss in detail on February 10. The Chair has indicated that he would like to wrap up discussion at the end of the February 10 work session so that Council recommendations can be communicated to the Administration in advance of the budget.

Attachments

- Attachment 1. **Council's Guiding Policy Principles**
- Attachment 2. **Detailed Process Update Chart**
- Attachment 3. **Matrix Consulting Final Report**
- Attachment 4. **Golf CIP Priorities**
- Attachment 5. **NGF Study Priorities**

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Golf Discussion Areas

Council Member name: ____________________________

** = Item implies General Fund subsidy.*

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** *(all figures are staff estimates based on available information. Depending on Council interest staff will be actively refining numbers where possible)*	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*					
2	The City should adopt a private-management model for golf similar to the one used in Sacramento.* *(In this model, the city would pay for capital costs.)*	Management / Operating Deficit	*Golf Capital Needs = $10-$23m*					
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*					
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)*					
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.*					
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*					

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. *(Note: Golf Division staff indicates they have done some initial work on app that may meet some of these goals.)*	Management / Operating Deficit	*Price TBD - Potential Revenue upside - $400k*					
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)*					
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*					
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*					
11	The City should pay greater attention to branding at individual courses.	Management / Operating Deficit	*Revenue impact - TBD*					
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.*					

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.*					
	13a. Forest Dale Golf Course only - Close and retain as open space.		*Would cost Golf Fund $4k in FY16 (save $36k by FY20)*					
	13b. Glendale Golf Course only - Close and retain as open		*Would cost Golf Fund $5k in FY16 (save $170k by FY20)*					
	13c. Rose Park Golf Course only - Close and retain as open		*Would save Golf Fund $343k in FY16 (save $575k by FY20)*					
	13d. Forest Dale and Glendale - Close and retain as open space.		*Would cost Golf Fund $10k (save $206k by FY20)*					
	13e. Forest Dale and Rose Park - Close and retain as open space.		*Would save Golf Fund $339 in FY16 (save $611k by FY20)*					
	13f. Glendale and Rose Park - Close and retain as open space.		*Would save Golf Fund $338k in FY16 (save $745k in FY20)*					
14	The City should completely absorb Golf Fund into general fund. *(Council discussed but not formally raised as straw poll.)*	Capital / Operating Deficit						
15	The City should apply for ZAP to fund golf course capital projects. *(Council discussed but not formally raised as straw poll.)*	Capital	*Amount and timing of funds is at the discretion of the County, who administers the ZAP funds, in a competitve process with other County parks needs.*					
16	The City should reduce the number of Golf Fund staff. *(Discussed but not formally raised as straw poll.)*	Management / Operating Deficit						
17	The City should pursue public-private partnerships for clubhouse operations and capital, including potentially allowing privately-built clubhouses. *(Not formally raised as straw poll.)*	Capital / Operating Deficit						

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Attachment 1 – Council's Adopted Guiding Policy Principles

ADOPTED AUGUST 1, 2014

1. Make decisions based on the best interest of Salt Lake City residents
2. The status quo is not financially sustainable.
3. The Golf Fund should be self-sustaining and without general fund.
4. 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
5. All City courses are valuable and serve a distinct clientele and niche in the market. All have the potential to draw more customers as there are no courses that are 100% utilized.
6. The increase in the number of golf courses in the past 25 years relative to the number of golfers, makes it difficult to significantly improve the financial position of the Golf Fund.
7. Oversupply puts a downward pressure on pricing for all golf courses in the market.
8. It is possible that reducing the number of golf courses may improve the overall financial sustainability of the region's golf market.
9. Neighborhood quality of life is enhanced by adjacent Open Space, regardless of use, and therefore should be protected.
10. Commercial development on open space should be avoided wherever possible.
11. It is the fiduciary responsibility of the City Council to provide guidance to solve the Golf Fund's long term financial problems.
12. Any re-purposing of golf courses should add value for the neighborhood and its residents, and benefit residents through high quality amenities.
13. All solutions for the golf fund's financial issues will be evaluated on a 10 Year basis.
14. Individual courses will be evaluated based on the following criteria:
    - rate of change of rounds (growth or decline)
    - revenue per round.
15. Investigate innovative financing and zoning to support economic development and revenue generation adjacent to golf courses.
16. Funds generated through the $1 per round CIP Fee, shall be dedicated to CIP purposes, and not used to balance the operational deficit.

The Council also discussed the possibility of establishing criteria for evaluating a course. The following list is based on that discussion, and has **not been officially straw polled by the Council**:

1. Proximity to other amenities
2. Proximity to major roads or ease of traffic access
3. Traffic impact to surrounding neighborhoods
4. Surrounded by neighborhoods
5. Does the course make money (support the system)
6. Does the course lose money (draw on the system)
7. Rounds played
8. Revenue per round
9. Momentum of rounds played (rate of change)

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Attachment 2 – Detailed Process Update Chart

Timeframe	Item	Status/Updates
September-present	**Online Document Resource Library**	The Online Document Resource Library includes detailed information on a variety of aspects related to the Golf Fund including past and projected budget, rounds, detailed course information and other information. It has been continuously updated with information and answers to questions raised by members of the public. Additionally, the various responses received by the Council Office to the Call for Ideas have been posted here.
September-December 1	**Public Call for Ideas** Ask for ideas from members of the Public to help address Golf Fund financial issues. Deadline for ideas is December 1.	As of December 1, the Council Office received 5 official full "proposals," and approximately 60 written comments containing various suggestions for improving the Golf Fund. These ideas were forwarded to Council Members, the Administration, the Golf Fund Citizen Task Force, as well as the Council's financial consultant. The Golf Fund Citizen Task Force discussed these ideas in depth. Staff met with professors and students at the University of Utah and Westminster College to answer questions and clarify the Council's process. Staff also fielded follow-up questions from members of the public on detail included in the on-line document resource library. **Staff also summarized the main general ideas suggested by the public in the staff report.** *For additional background on this process and steps taken so far, see section below this table.*
October-January	**Municipal Finance Consultant** Review of Golf Fund and Review of Public ideas	The consultant met with multiple Council Members as well as members of City Council and Administrative Staff. They presented preliminary recommendations at the January 20th Council work session. **Note: This is a different consultant with a different scope of work than the previous study that was conducted by the National Golf Foundation.*
October-January	**Citizen Task Force** Task force of citizens appointed by the Council with business/golf/related open space experience to review the ideas received by members of the public, and the Council's consultant.	The task force met to familiarize themselves with the topic and review, in-depth, the proposals submitted by members of the public. The task force crafted comprehensive recommendations that they presented to the Council at the January 20th Council meeting.
January 20, 2015	**Council Work Session Briefing**	The Council will receive a briefing from the Citizen Task Force and the Council's consultant regarding preferred/recommended ideas.
February 3, 2015	**CURRENT STEP – Council Discussion**	
February 3, 2015	**Public Hearing**	A public hearing date was set in January 20th formal meeting.
Mid February 2015	**Council Decision/ Recommendation to Mayor**	

Analysis of the Golf Fund

CITY OF SALT LAKE CITY, UTAH

FINAL REPORT

matrix consulting group

February 8, 2015

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1. INTRODUCTION AND EXECUTIVE SUMMARY

The first chapter of this report introduces the methods used in this analysis, and summarizes key findings, conclusions, and recommendations to be found in the report.

1. BACKGROUND

The Matrix Consulting Group was retained by the City of Salt Lake City to conduct an analysis of its Golf Fund. The objectives of the analysis were to assess the current and future financial condition of the Golf Fund and to propose potential solutions to achieve long-term financial stability. The City's Golf Fund has been in a prolonged financial decline due to the confluence of several economic and demographic factors, including increased competition for golfers, declining local and national interest in golf as a preferred form of recreation, national economic trends, deferred capital investment in the City's courses, and others. The table below shows the rates of decline in the numbers of rounds played at each course over various time periods since 2001:

Percentage Change in Rounds Played by Course			
Course	**Change from 2001 to 2014**	**Change from 2005 to 2014**	**Change from 2010 to 2014**
Bonneville (18 holes)	(16.9%)	(3.8%)	(3.8%)
Forest Dale (9 holes)	(24.7%)	(11.7%)	(0.5%)
Glendale (18 holes)	1.4%	(4.9%)	(7.7%)
Jordan River (9 holes)[1]	NA	(29.3%)	(38.3%)
Mountain Dell (36 holes)	(25.7%)	(0.5%	(3.1%)
Nibley Park (9 holes)	(12.0%)	(6.6%)	(2.0%)
Rose Park (18 holes)	(24.1%)	(10.7%)	(15.0%)
Wingpointe (18 holes)	(29.9%)	(13.7%)	(15.0%)
Total	**(18.4%)**	**(5.6%)**	**(6.7%)**

As the table shows, the overall decline in play at the City's courses has been over 18% since 2001, and almost 7% in the four years between 2010 and 2014. While

[1] The Jordan River Par 3 course was closed in 2014.

this decline has been most pronounced at the Rose Park and Wingpointe courses, even the two most profitable courses, Bonneville and Mountain Dell, have experienced declines of over 3% since 2001.

Corroborating this general decline in rounds played are the results of a recent survey of residents and their interests in recreational services. The assessment, conducted by Salt Lake County, asked residents to rank the priorities that they place upon various recreational activities. Of the ten options given to residents, golf ranked ninth –ahead of only lacrosse/field hockey in terms of the priority that each activity should be given.[2]

In view of this declining financial and demographic situation, the City Council has sought alternatives, and has received various recommendations from other consultants as well as from a special Task Force convened to correct and reverse the decline, and from a general call for proposed solutions from City residents. Most of these recommendations have focused on internal improvements within the Golf Fund operations. In fact, this report identifies many of these areas for improvement as well – within the context of case studies that the project team conducted of well-managed and profitable courses in peer cities across the country. The analyses contained in the pages of this report critically assess the current and long-term probabilities for financial success of the City's seven golf courses on a course-by-course basis. The Matrix project team endeavored in this report to evaluate the financial impacts of course closures on the future success of the Golf Fund regardless of their geographical locations within the City. As the data in the report show, however, the least profitable of

[2] The survey results were segmented into the four geographical regions of the County, which were North, East, South and Southwest. The results cited were from the North Planning District, which most closely correlates with the geographical boundaries of Salt Lake City.

the courses are clustered in the western portion of the city, and our recommendations regarding course closures primarily focus on these areas.

The next section describes the approaches taken by the project team in the conduct of the study.

2. DESCRIPTION OF STUDY METHODOLOGY.

As part of the development of this report on the analysis of the Golf Fund, the project team conducted the following activities:

- Interviewed key stakeholders. These included all City Council members, Council staff, the Mayor's Chief of Staff, and Public Services Department personnel.
- Toured all seven City golf courses. This included tours of pro shops, snack bars, course conditions, course amenities and driving ranges. (Due to scheduling reasons, the project team was unable to tour the interior facilities at the Mountain Dell course.)
- Collected, read, and analyzed data and previous reports on the Golf Fund.
- Performed analyses of current and projected financial conditions of all courses, and the Golf Fund as a collective enterprise.
- Conducted case studies of golf operations in eight selected cities across the country.

In conducting the analysis, the project team relied upon the Salt Lake City Council's *Guiding Policy for Changes to the Golf Enterprise Fund*, adopted August 1, 2014. There are 16 stated principles, and these have been provided in Appendix A of this report. The most pertinent to this financial analysis, however, are provided below:

- The status quo is not financially sustainable.
- The Golf Fund should be self-sustaining and without general fund subsidy.
- 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.

- The increase in the number of golf courses in the past 25 years relative to the number of golfers makes it difficult to significantly improve the financial position of the Golf Fund.

- It is possible that reducing the number of golf courses may improve the overall financial sustainability of the region's golf market.

- Commercial development on open space should be avoided wherever possible.

- Individual courses will be evaluated based upon…rate of change of rounds (growth or decline) and revenue per round.

Although some of the Council's guiding principles identify that not all decisions regarding the ongoing viability of the Golf Fund will be made strictly on a financial basis, the over-arching concern clearly is that the Fund has immediate financial issues that, if allowed to continue at the current pace, will become major long-term issues. The analyses and recommendations contained in this report address these financial issues and provide the Council with the project team's advice for solving them.

3. EXECUTIVE SUMMARY

The project team, working with City staff, obtained current financial data and conducted financial analyses of the Golf Fund. The analyses assessed the current performance of each course, and also made projections on the future financial viability of each of the seven courses. Further, the analyses conducted by the project team considered the Golf Fund operating budget only. Funding capital improvements would require not only reducing operating deficits, but would also require that the Fund generate profits, receiving a General Fund subsidy, donations, or other revenue source.

As the Golf Fund is currently experiencing financial deficits, and these deficits are expected to continue into the foreseeable future, the project team analyzed the impacts that course closures would have on the future financial viability of the Golf Fund. These various scenarios included the analysis of single-course closures as well as scenarios under which multiple courses are closed simultaneously. The results of the financial analysis indicate that no single course closure has an impact significant enough to solve the current and projected future deficits of the Golf Fund, but that certain combinations of course closures have varying degrees of positive impact on the Fund.

The following points summarize the findings in the analysis of the closure of single courses:

- Two of the courses in the Golf Fund are currently relatively profitable, and are signature courses for the Fund. Both Bonneville and Mountain Dell are premier courses, and their closures would contribute significantly to the projected FY16 deficit of $460,000, and would widen this deficit to an even greater degree over the next five years. In short, the closure of these two courses is not a feasible alternative for the Fund.

- Similarly, the closure of the Nibley course would contribute to the deficit by $29,000 in FY16, and by $85,000 by FY20. Furthermore, this course has the most popular driving range in the City’s inventory of courses, and is the location of a significant youth development effort, which is crucial to the longer-term success of this, and other courses.

- The closure of the Forest Dale course would increase the Fund’s deficit in FY16 by $4,400, but as it is projected to become unprofitable by FY17, it would marginally decrease the Fund’s deficit by $25,400 by FY20. The closure of Forest Dale clearly will not solve the Golf Fund’s deficit either singly or in combination with any other course. Furthermore, its historically-significant clubhouse makes this an unlikely candidate for closure.

- The closure of the Glendale course would decrease the deficit by a marginal $5,500 by FY16, and by $126,000 by FY20. In the project team’s assessment, this course possesses the finest driving range in the Fund’s inventory, and may represent a potential for expended revenues in the future.

- The closure of the Rose Park course would immediately decrease the deficit significantly – by $343,000 in FY16, and by $575,000 by FY20. This course abuts the City’s sewer plant, and has recently been impacted by a sewer line project that decreased its revenues. The course, however, has failed to experience a significant rebound in the number of rounds played, and has significant capital needs in order to return to financial viability. The course does, however, enjoy strong neighborhood support, and this may well influence the decision to close this course.

- The closure of Wingpointe would have an immediate and significant impact on the Golf Fund's projected outlook, decreasing deficit by $169,500 by FY16, and by $399,500 by FY20. The FAA has determined that the Fund will begin paying the Airport up to $700,000 in fair market value annually by 2017 if the course remains open and operating as a part of the Golf Enterprise Fund. This financial reality makes the closure of this course a very viable option, and one that the project team strongly recommends the City pursue.

The closure of any single golf course will not return the Golf Fund to profitability, as the above points and the detailed analysis in the report make clear. The project team also analyzed the impacts of the simultaneous closures of multiple courses. The results are summarized in the points below:

- The closure of the Forest Dale and Glendale courses would increase the deficit by just $10,000 in FY16, but would reduce the projected deficit in the Fund by $205,700 by FY20.

- The closure of the Forest Dale and Rose Park courses would have a significant impact on the viability of the Golf Fund, reducing the projected FY16 deficit by $338,900 in FY16, and by $611,300 by FY20.

- The closure of the Forest Dale and Wingpointe courses would reduce the projected deficit in FY16 by $165,000, and by $435,300 by FY20.

- The closure of the Glendale and Rose Park courses would decrease the FY16 projected deficit by $337,800, and by $745,300 by FY20.

- The closure of the Glendale and Wingpointe courses would decrease the projected FY16 deficit by $164,000, and by $569,300 by FY20.

- The closure of the Rose Park and Wingpointe courses would eliminate the deficit in the Golf Fund through FY17, but the Fund would show a deficit of $72,100 by FY20.

- The closure of the Glendale, Rose Park and Wingpointe courses would eliminate the deficits in the Golf Fund through FY20, with a projected surplus of $507,300 in FY16 and $1,144,754 by FY20.

The above summary indicates that the closure of the Glendale, Rose Park, and Wingpointe courses is the only combination of closures that brings the Golf Fund back to a net profit over the five-year time horizon. These projections do, however, assume that the City's courses continue to experience only the average of their historic rates of decline in the numbers of rounds played each year. Moreover, the analysis assumes that the continued under-funding of critical capital improvements at the City's courses will not hasten the decline in the numbers of rounds played. As has been noted by the City's Golf Division, as well as by the National Golf Foundation in its 2011 report, there are significant capital needs at each of the courses, even including those that are currently profitable. To neglect making these investments would mean risking an accelerated decline in the numbers of rounds played, even beyond the decline the project team has assumed in this analysis.

The project team also conducted case studies of eight comparative cities that operate profitable municipal courses. These cities manage their courses under a variety of operating models, some of which involve contractual management. The details of these comparative studies are contained later in the report, however the major points are summarized below:

- Selecting and negotiating an operating model that best fits the existing circumstances in the city's golf course operation maximizes potential revenues and sustains the golf operation with no general fund support is the initial key element for success. If the selected operating model includes an outside contractor, establishing a positive working relationship with the contractor is critically important to the overall success of the operation.

- Operating golf courses using a business model that provides the flexibility to administer the golf course operation as a business, making key management decisions in a timely manner, incorporating state of the art technology, employing business-oriented strategies such as dynamic pricing and the ability to deploy personnel efficiently leads to success in golf course operations.

- Creating a perception of value for the cost for the player based on effective customer service, improved course amenities, consistent maintenance operations and pace of play are key elements to the success of a golf course from the player's perspective.

- Effectively implementing a marketing strategy that engages five generations who communicate in five different ways is critical to the success of golf course operations.

- Maintaining and improving golf courses through regular capital improvements has a significant impact on the perceived value and overall success of golf course operations and contribute to increased revenue generation and player retention and satisfaction.

The case studies revealed that the City of Sacramento had operated its courses in a deficit position in the early 1990s, and made a decision to contract with a professional golf course management firm in the hopes of both continuing to provide its area's residents with golfing options, and to halt the deficits that had been accruing under municipal management.

The project team believes that this finding has relevance to the situation in Salt Lake City. Specifically, although the project team's financial analysis indicates that the City's Golf Fund would eliminate its deficits through the closures of certain courses, the analysis also assumes that the current management can, and would, maintain this profitable position through the implementation of management techniques that it has implemented in the past. And although it is not possible to isolate the factors that have led to the current deficits, it is also true that a reliance on techniques that have not reversed the negative financial trends of the past decade risk a further decline in the financial position of the City's Golf Fund going forward.

Given the situation of declining play at the City's courses, the reality of the FAA's mandate that the Golf Fund compensate the Airport for the continued operation of the

Wingpointe course, and the positive results experienced by the City of Sacramento in its contractual golf management relationship over the past 20 years, the project team recommends that the City close the Wingpointe Golf Course. The project team further recommends that the City enter into a contract with a professional golf course management firm to make decisions related to which courses can be operated profitably. This firm should be charged with making critical decisions, in concert with the City, regarding the most financially feasible capital investments at those courses that remain open.

2. FIVE-YEAR PROJECTIONS

Over the past five years, the Salt Lake City Golf Fund has operated at an annual average deficit of approximately $370,000. During this timeframe, some of the City's individual courses maintained profitability, while others fluctuated between profit and loss. This chapter analyzes the projected expenditures and revenues on a course-by-course basis, as well as for the Golf Fund as a whole.

1. EXPENDITURE PROJECTIONS

In order to make expenditure projections for the City's golf courses and the Golf Fund as a whole, the project team analyzed the expenditure trends of the past five years. These trends were then compared with other cost factor trends over the same time period. The following subsections detail the expenditure trends of each course, cost factor trends, and the five-year projected expenditures for the Golf Fund.

(1) Golf Fund Five-Year Expenditure Trends

Between fiscal years 2010 and 2014 the Golf Fund's expenditures have increased by approximately $610,000. Five of the City's seven golf courses had operating budgets of over $1,000,000 during this period. The following table details the actual expenditures for each of the City's courses, as well as its administration:

	FY10	FY11	FY12	FY13	FY14
Admin	$968,361	$890,742	$848,004	$864,845	$931,286
Bonneville	$988,630	$1,113,996	$1,175,640	$1,203,870	$1,153,614
Forest Dale	$534,089	$553,031	$586,314	$638,162	$599,971
Glendale	$984,253	$1,044,775	$1,064,078	$1,101,096	$1,185,378
Mountain Dell	$1,442,579	$1,470,895	$1,645,448	$1,666,651	$1,536,571
Nibley	$601,623	$582,108	$560,726	$598,726	$568,984
Rose Park	$915,124	$1,041,934	$1,252,637	$1,358,078	$1,049,714
Wingpointe	$1,104,278	$1,132,384	$1,090,230	$1,145,950	$1,122,325
Fund Total	**$7,538,936**	**$7,829,864**	**$8,223,077**	**$8,577,378**	**$8,147,844**

As is shown in the above table, the Golf Fund's expenditures increased each year beginning in FY10, with FY14 showing a decrease. Administrative expenditures decreased during this time frame, as well as those associated with the Nibley golf course. To better illustrate the expenditure fluctuations between years, the following table presents the percent change from year to year for each course. (Figures in parentheses represent negative values):

Annual Percentage Expenditure Change by Course					
Course	**FY11**	**FY12**	**FY13**	**FY14**	**Average**
Bonneville	12.7%	5.5%	2.4%	(4.2%)	**4.11%**
Forest Dale	3.5%	6.0%	8.8%	(6.0%)	**3.11%**
Glendale	6.1%	1.8%	3.5%	7.7%	**4.78%**
Mountain Dell	2.0%	11.9%	1.3%	(7.8%)	**1.83%**
Nibley	(3.2%)	(3.7%)	6.8%	(5.0%)	**(1.28%)**
Rose Park	13.9%	20.2%	8.4%	(22.7%)	**4.95%**
Wingpointe	2.5%	(3.7%)	5.1%	(2.1%)	**0.47%**

Actual expenditures fluctuated dramatically between the City's courses, as well as from year to year at the same course. On average, Rose Park had the highest percentage increase of all courses (4.95%), with Nibley showing a percentage decrease (-1.28%). Overall, the average increase across all courses is 2.57%.

(2) Other Cost Factor Considerations

While City-specific cost trends are important factors to consider when projecting future expenditures, other cost factors should also be taken into consideration in order to account for outside impacts on City staff and resources. Accounting for possible increases in local or state minimum wages as well as fluctuations in the Consumer Price Index are important factors to consider, as these represent the primary cost drivers associated with expenditures: staffing, services and supplies.

Currently the minimum wage in the State of Utah is $7.25 an hour, in accordance with the Fair Labor Standards Act which was enacted in 2007. The State of Utah has not increased the minimum wage since 2007, and does not appear to have any pending legislation relating to the increase of the minimum wage. Therefore, the use of proposed wage increase statistics to predict expenditure increases would not be feasible.

The Consumer Price Index (CPI) is the most common indicator used to measure, adjust, or account for economic impacts. The CPI represents changes in prices of all goods and services purchased for consumption, and has state, region, and industry specific indicators. The following table provides the five-year CPI trend for Utah entertainment and recreation:

Year	Change
2010	1.6%
2011	3.2%
2012	2.1%
2013	1.6%
2014	1.3%
Average	**1.96%**

In 2011, the CPI for Utah entertainment and recreation was at a five-year high of 3.2%, with 2014 having the smallest increase, at 1.3%. Overall, the five-year average CPI for entertainment and recreation in Utah was 1.96%.

Using a region and industry specific CPI provides a more stable cost factor for forecasting expenditures, as opposed to City specific cost factors which appear to have dramatic volatility in their fluctuations.

(3) Five-Year Expenditure Projections

The City is currently a little more than half way through FY15, for which budgeted expenditures have already been projected. The project team utilized the City's budgeted expenditures for FY15 as the base for the five-year projections, and the five-year average CPI of 1.96% as the applied cost factor. The following table provides the projected expenditures for each of the City's seven golf courses, as well as the administrative division of the Golf Fund:

Five-Year Projected Expenditures by Cost Center							
Cost Center	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**5-Year Increase**
Administration	$1,047,895	$1,068,434	$1,089,375	$1,110,727	$1,132,497	$1,154,694	$106,799
Bonneville	$1,158,027	$1,180,724	$1,203,867	$1,227,462	$1,251,521	$1,276,050	$118,023
Forest Dale	$615,153	$627,210	$639,503	$652,038	$664,818	$677,848	$62,695
Glendale	$1,078,215	$1,099,348	$1,120,895	$1,142,865	$1,165,265	$1,188,104	$109,889
Mountain Dell	$1,483,538	$1,512,615	$1,542,263	$1,572,491	$1,603,312	$1,634,737	$151,199
Nibley	$603,545	$615,374	$627,436	$639,734	$652,272	$665,057	$61,512
Rose Park	$1,056,252	$1,076,955	$1,098,063	$1,119,585	$1,141,529	$1,163,903	$107,651
Wingpointe	$1,160,230	$1,182,971	$1,206,157	$1,229,797	$1,253,901	$1,278,478	$118,248
FUND TOTAL	**$8,202,855**	**$8,363,631**	**$8,527,558**	**$8,694,698**	**$8,865,114**	**$9,038,871**	**$836,016**

As is shown in the table above, using the assumption that future costs will approximate the CPI, the Golf Fund's expenditures are projected to increase by approximately $836,000 over the next five years. Forest Dale and Nibley are projected to have the lowest increases in expenditures, approximately $63,000 and $62,000 respectively, with Mountain Dell projected to have the greatest increase in expenditures, with an overall increase of approximately $151,000.

2. REVENUE PROJECTIONS

In order to calculate revenue projections for the City's golf courses and the Golf Fund as a whole, the project team analyzed revenue trends for each golf course over the past five years. Due to the unique types of services provided by each golf course, no alternative factors or metrics were considered in projecting course revenues. The following subsections detail the revenue trends of each course, and the five-year projected revenues for the Golf Fund.

(1) Golf Fund Five-Year Revenue Trends

The Golf Fund generates revenues through a variety of methods, including: greens fees, cart and club rentals, driving range fees, and retail or concession sales.

Between FY10 and FY14 the Golf Fund's revenues decreased by approximately $200,000. Four of the City's seven golf courses averaged over $1,000,000 in revenue during this time period. The following table details the actual revenue for each of the City's courses, as well as its administrative department:

Annual Revenues by Cost Center					
	FY10	**FY11**	**FY12**	**FY13**	**FY14**
Administration	$288,243	$420,305	$348,882	$285,534	$338,291
Bonneville	$1,273,032	$1,252,927	$1,471,296	$1,321,679	$1,360,931
Forest Dale	$605,817	$582,866	$668,876	$608,715	$606,626
Glendale	$1,161,649	$1,048,470	$1,172,345	$1,091,721	$1,055,975
Mountain Dell	$1,807,935	$1,804,043	$1,986,230	$1,903,660	$1,864,485
Nibley	$511,858	$518,265	$640,499	$607,577	$582,534
Rose Park	$915,999	$761,786	$814,004	$769,956	$723,294
Wingpointe	$1,134,014	$1,071,610	$1,154,919	$969,597	$967,539
Fund Total	**$7,698,547**	**$7,460,272**	**$8,257,050**	**$7,558,438**	**$7,499,675**

Over the past five years, the Golf Fund has averaged $7.7 million dollars in total revenue including all courses and the Administration Division. Revenues declined in FY10 and FY11, but rebounded significantly in FY12. However, revenues once again decreased in FY13 and FY14. To better illustrate the revenue fluctuations from FY10 through FY14, the following table presents the percent change from year to year for each course, as well as for Administration:

Average Annual Cost Center Percentage Change in Revenue					
	FY11	**FY12**	**FY 13**	**FY14**	**Average**
Administration	45.8%	(17.0%)	(18.2%)	18.5%	**7.29%**
Bonneville	(1.6%)	17.4%	(10.2%)	3.0%	**2.16%**
Forest Dale	(3.8%)	14.8%	(9.0%)	(0.3%)	**0.41%**
Glendale	(9.7%)	11.8%	(6.9%)	(3.3%)	**(2.02%)**
Mountain Dell	(0.2%)	10.1%	(4.2%)	(2.1%)	**0.92%**
Nibley	1.3%	23.6%	(5.1%)	(4.1%)	**3.89%**
Rose Park	(16.8%)	6.9%	(5.4%)	(6.1%)	**(5.36%)**
Wingpointe	(5.5%)	7.8%	(16.0%)	(0.2%)	**(3.50%)**

Actual revenues fluctuated between an increase of 3.89% and a decrease of 5.36% across the City's seven courses. Revenues associated with Forest Dale and Mountain Dell had the least revenue fluctuation, while Glendale, Rose Park, and

Wingpointe were the only courses which experienced overall decreases in revenue. Administrative revenue, which accounts for annual passes and punch cards, showed significant fluctuations from year to year, but had an overall increase over the five-year time period.

(2) Five-Year Revenue Projections

The project team used the City's budgeted revenues for FY15 as the base for the five-year projections, and the average percentage change outlined in the previous section in order to project course revenues. The majority of golf course revenues relate to greens fees, which are realized when golfers play either nine or 18 holes of golf. The reasons a golfer plays at one course over another largely depend on either proximity or the features offered by a specific course. For these reasons, revenues or use trends for one course do not necessarily correlate with another course. Likewise, local, state, or national revenue or course use trends would not necessarily accurately capture, and thereby reflect the use and revenues associated with all of the City's courses. The following table details the projected revenues for each of the City's seven golf courses, as well as the administrative division of the Golf Fund:

Projected Revenues by Cost Center							
Cost Center	**FY15**	**FY16**	**FY17**	**FY18**	**FY19**	**FY20**	**5-Year Change**
Administration	$407,500	$437,189	$469,041	$503,213	$539,876	$579,209	$171,709
Bonneville	$1,341,875	$1,370,894	$1,400,540	$1,430,828	$1,461,770	$1,493,382	$151,507
Forest Dale	$629,070	$631,634	$634,209	$636,794	$639,389	$641,995	$12,925
Glendale	$1,127,650	$1,104,873	$1,082,556	$1,060,689	$1,039,264	$1,018,272	($109,378)
Mountain Dell	$1,949,600	$1,967,480	$1,985,525	$2,003,735	$2,022,112	$2,040,657	$91,057
Nibley	$620,285	$644,438	$669,531	$695,601	$722,686	$750,826	$130,541
Rose Park	$775,225	$733,649	$694,302	$657,066	$621,827	$588,478	($186,747)
Wingpointe	$1,050,200	$1,013,476	$978,037	$943,836	$910,832	$878,981	($171,219)
FUND TOTAL	**$7,901,405**	**$7,903,632**	**$7,913,739**	**$7,931,761**	**$7,957,755**	**$7,991,800**	**$90,395**

As is shown in the table above, over the next five years, the Golf Fund's total revenue is projected to increase by approximately $90,000. The largest projected increase relates to Administration, with the Bonneville and Nibley courses projected to have overall increases greater than $100,000. Glendale, Rose Park, and Wingpointe are projected to show significant revenue decreases of approximately $109,000, $187,000, and $171,000 respectively.

3. IMPACTS OF ESCO AND CAPITAL PROJECTS

The City has recently engaged an Energy Savings Company (ESCO) and has proposed other capital projects designed to improve specific courses. These projects range from upgrading interior and exterior lighting, to replacing current irrigation systems, or transitioning courses from the use of culinary to secondary water. Overall, the improvements proposed or currently underway are projected to reduce course expenditures relating to water and utility costs, and to generate additional revenues through rental spaces or additional concessions.

The City has developed a schedule for ESCO and capital projects which details the total cost associated with each project, as well as the projected annual cost savings or revenue generation. These projections were then used to determine the number of years needed in order for the cost savings to offset the project costs. For example, interior and exterior lighting upgrades at Bonneville, Glendale, and Rose Park are projected to cost the Golf Fund $98,242. The energy savings associated with these upgrades are projected to be $12,211 annually. After eight years, the savings associated with the upgrades will have paid for the cost of the improvements. Therefore, the Golf Fund will not realize actual expenditure savings until nine years from now.

Currently, the majority of the Golf Fund's ESCO projects already underway, or slated to be approved, have a projected payback of more than five years. As such, these costs and subsequent revenue offsets were not included in the calculation of expenditure and revenue projections.

4. SUMMARY PROJECTIONS

The Golf Fund's FY15 budgeted expenditures and revenues project a deficit of roughly $300,000. Based on the projections outlined in this chapter, the Golf Fund's deficit is projected to be approximately $1,000,000 by FY20. The following table details the summary of expenditure and revenue projections for each of the Golf Fund's seven courses and the Administration Division:

Cumulative Projected Net Profit by Cost Center

Cost Center	FY15	FY16	FY17	FY18	FY19	FY20	5-Year Change
Administration	($640,395)	($631,245)	($620,334)	($607,513)	($592,621)	($575,485)	$64,910
Bonneville	$183,848	$190,169	$196,674	$203,365	$210,249	$217,331	$33,483
Forest Dale	$13,917	$4,424	($5,295)	($15,244)	($25,428)	($35,852)	($49,769)
Glendale	$49,435	$5,525	($38,340)	($82,176)	($126,001)	($169,832)	($219,267)
Mountain Dell	$466,062	$454,865	$443,262	$431,244	$418,800	$405,920	($60,142)
Nibley	$16,740	$29,063	$42,095	$55,867	$70,414	$85,769	$69,029
Rose Park	($281,027)	($343,306)	($403,760)	($462,519)	($519,702)	($575,425)	($294,398)
Wingpointe	($110,030)	($169,494)	($228,120)	($285,961)	($343,070)	($399,496)	($289,466)
FUND TOTAL	**($301,450)**	**($459,998)**	**($613,819)**	**($762,937)**	**($907,359)**	**($1,047,071)**	**($745,621)**

The Golf Fund is projected to lose an average of approximately $150,000 annually for the next five years. Bonneville, Mountain Dell, and Nibley are the only courses projected to show net profits over the next five years, while Forest Dale and Glendale are projected to show surpluses only in FY16. Rose Park and Wingpointe are projected to have deficits. The cumulative deficits associated with Glendale, Rose Park and Wingpointe are each projected to be greater than $200,000 over the next five years.

3. COURSE CLOSURE ANALYSIS METHODOLOGY

This chapter outlines the methodologies and assumptions used to project the impact of course closures on the Golf Fund.

1. COURSE CLOSURE METHODOLOGY AND ASSUMPTIONS

The project team analyzed the impacts of course closures on the Golf Fund from two perspectives: elimination of expenditures and revenues only, and round revenue needed to allow the Golf Fund to break even. It is important to note that any course closures that involve Bonneville, Glendale, or Rose Park, either individually or in combination with other courses, that retains City responsibility for these properties would require that the City's General Fund assume the ESCO payments described in a previous section of this report.

The following subsections provide details relating to the methodology, assumptions, and reasons for showing each perspective when discussing course closures.

(1) Elimination of Expenditures and Revenue Only

The most immediate impact to the Golf Fund, should it close any of its seven courses, would be the reduction of operating costs and expenditures, as well as the loss of revenue from rounds played and other course services. In order to show the impacts on each course from the elimination of expenditures and revenues, the project team utilized the five-year projections from the previous chapter, and eliminated each course individually in order to show the impact of each course closure on the Golf Fund.

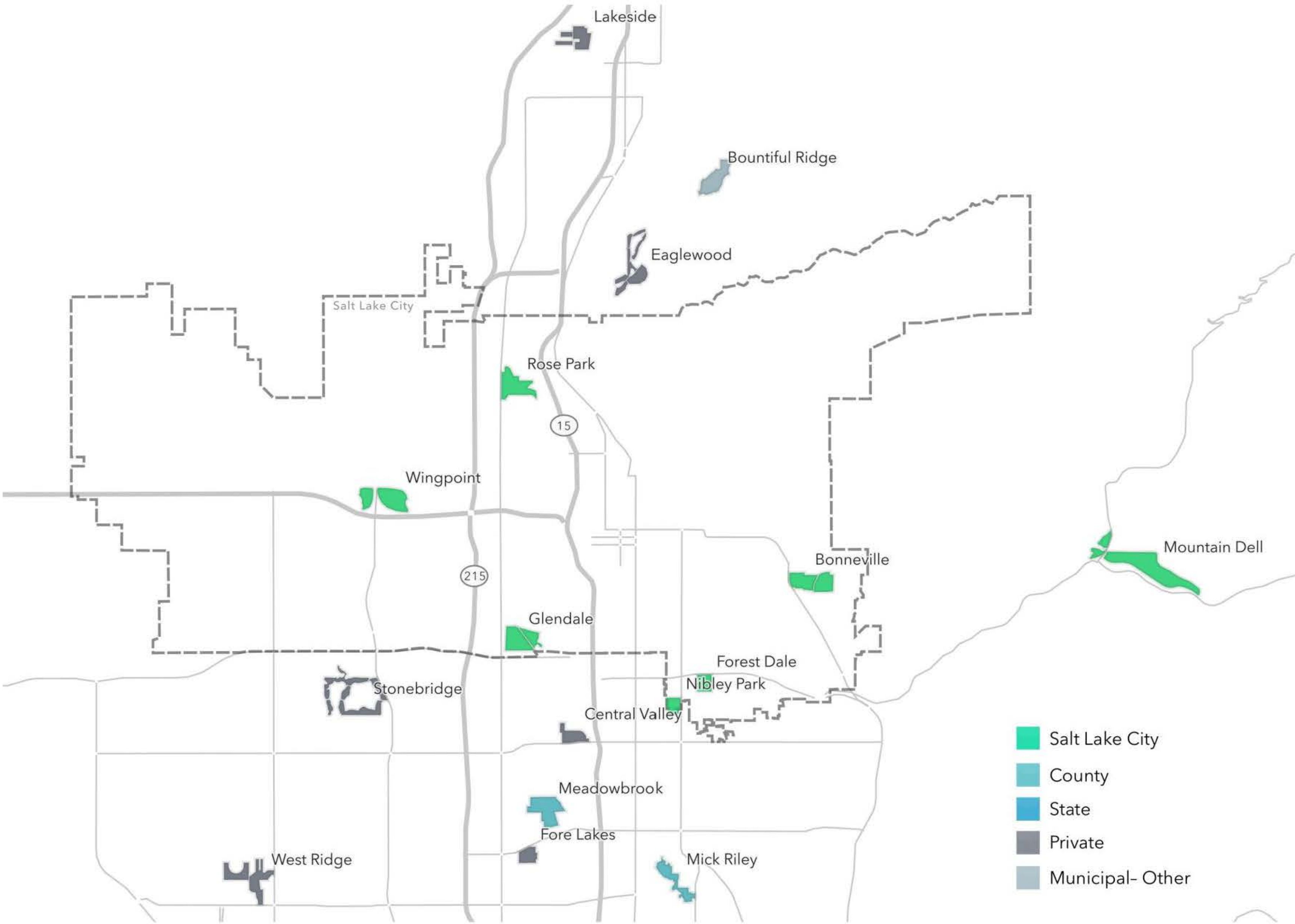
This analysis allows the Golf Fund to not only experience immediate bottom line impacts related to course closures, but to view also the best and worst case scenarios associated with each. The best case includes the elimination of expenditures, thereby reducing the overall costs associated with the Golf Fund. The worst case accounts for the complete loss of round and miscellaneous revenue, providing an assumption that the Fund's remaining courses do not realize any round dispersal from the closure of a given course.

(2) Round Dispersal Analysis

If the Golf Fund closed any of its courses, other City courses would likely see an increase in rounds played, driving range usage, or other services. However, due to the high number of non-Fund operated courses in the area, retaining rounds played, or the revenues from these rounds, is not guaranteed. There are many factors that could impact where a displaced golfer would choose to play once a course is closed, including fees, location, course type, and course amenities to name a few.

Golf Division staff have evaluated various closure scenarios based on limited customer information, and factors they believed would most impact the migration of play following a given course's closure. This resulted in conservative estimates of round retention percentages of between 7% and 30% depending on time of year, and the particular course that was assumed to be closed. The project team also conducted an exercise estimating play migration, using proximity and greens fees as the primary driving factors. The State of Utah, Salt Lake County, and private or other municipalities operate the other courses in the area, each having unique features that either complement those of the City's courses, or present direct competition. Using the map below, which shows the location of the Golf Fund's seven courses as well as the nine other courses in the area, the project team's round dispersal estimates ranged from a low of 10% to a high of 50%, depending on the particular course closure.

As the map on the following page illustrates, the Golf Fund faces the most competition for golfers at Rose Park, Wingpointe, Glendale, Nibley, and Forest Dale, as these courses are in close proximity to other non-Fund owned golf courses. In addition to proximity being a major factor in round dispersal, a recent City survey of local courses showed that the fees per round at City courses are at the higher, or highest, end of the spectrum.


Lakeside
Bountiful Ridge
Eaglewood
Salt Lake City
Rose Park
15
Wingpoint
215
Glendale
Bonneville
Mountain Dell
Forest Dale
Nibley Park
Stonebridge
Central Valley
Meadowbrook
Fore Lakes
West Ridge
Mick Riley
Salt Lake City
County
State
Private
Municipal- Other

(3) Break-even Calculations and Assumptions

Due to the numerous variables associated with projecting round dispersal under various course closure scenarios, the project team instead calculated the revenue and rounds needed in order for the Golf Fund to break even, or to be at net zero, assuming the closure of a given course did not immediately create a fund surplus. This represents a different view of the impacts of course closures, as it does not rely upon firm assumptions related to round dispersion, but rather produces a break-even point that can be considered for its reasonableness. For example, if a given course's expenses exceed its revenues by $20,000, the closure of this course would reduce the projected baseline deficit by this same amount. This would then reduce the projected FY16 baseline deficit of $459,998, as calculated in the previous section of the report, to $439,998. The project team then used this new projected deficit to calculate the numbers of rounds that would need to be absorbed by the other courses in the Golf Fund in order to reach a break-even point, based on the fees charged at the remaining courses.

The break-even revenue needed to bring the Golf Fund to a net zero is simply the result of eliminating expenditures and revenues associated with an individual course and analyzing the rounds (and revenue) that must be absorbed by the remaining courses. For example, if elimination of a course's expenditures and revenues still left the Golf Fund with a deficit, that deficit would be the fund's break-even revenue number.

Golf course revenue is not only made up of greens fees from rounds played, but can also include club rentals, merchandise sales, and driving range fees. On average, the greens fees for the City's seven courses represent 64% of overall course revenues.

Therefore, in order to determine the number of rounds needed, the project team calculated the round break-even revenue needed in order for the Golf Fund to achieve net zero. For example, if the Golf Fund's Break-even Revenue number were $100,000, it would only need to generate $64,000 in round (greens fees) revenue in order to break even, as the remaining $36,000 would most likely be recovered through other course service fees or merchandising.

Once the Round Break-even Revenue number was calculated, break-even round assumptions were developed. Typically, dividing the round break-even revenue number by the cost, or fee, per round would equate to the number of rounds needed to break even. However, the City's seven courses have different fees for nine holes versus 18 holes, as well as discounts for seniors, juniors, or annual pass holders. In order to account for the varying fees and discounts, and to account for the possibility that a round could be played at any course if the golfer holds a pass or discount, the project team developed the following average fee assumptions:

- **Average Revenue per Round:** The total green fee revenue for FY14 was divided by the total number of rounds played, producing an average fee per round of $10.82.

- **Average Full Fee:** The average full price fee of a nine or 18-hole round of golf at any of the City's seven courses is $23.21.

- **Average Fee:** The average fee of a nine or 18-hole round of golf at any of the City's seven courses including discounts is $18.26.

While the average fee a golfer would pay for a round of golf is $23.21, in FY14 the average round of golf only generated $10.82 in revenue. The large discrepancy between these two numbers is attributable not only to discounts associated with seniors and juniors, but also to the use of loyalty cards, or "comps". Break-even rounds were assessed using all three averages in order to show the range of rounds needed for the Golf Fund to break even. For example, if the Golf Fund's round break-even revenue were $64,000, then it would need to generate 2,757 rounds at an average full fee of $23.21; 3,505 rounds at an average fee of $18.26; or 5,915 rounds at average revenue per round fees of $10.82.

The next two chapters analyze the impacts of course closures on the Golf Fund, including elimination of expenditures and revenue, and assumptions regarding revenue retention needed for the fund to break even.

4. SINGLE COURSE CLOSURE SCENARIOS

As was noted in the previous chapter, the Golf Fund is currently projected to experience annual deficits of approximately $300,000 in FY15 and as much as $1,000,000 in FY20. The following chapter shows the impacts of closing each individual course on the Golf Fund.

1. BONNEVILLE COURSE CLOSURE IMPACTS

Bonneville golf course is located on the eastern end of Salt Lake City and offers 18 holes of golf, along with a driving range, pro shop, and café. As noted in the previous chapter, Bonneville is one of three courses that has maintained, and is projected to maintain, a revenue surplus. The following subsections discuss the impacts of closing the Bonneville golf course.

(1) Expenditure and Revenue Elimination Only

If the Bonneville golf course closed, the deficit associated with the Golf Fund would increase from a projected $460,000 in FY16 to a projected deficit of $650,000. The following table outlines the impact of closing Bonneville on the baseline projections for the Golf Fund over the next five years:

Impact of Bonneville Course Closure on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($650,168)	($810,492)	($966,302)	($1,117,608)	($1,264,402)
Net Impact	**($190,170)**	**($196,673)**	**($203,365)**	**($210,249)**	**($217,331)**

As the table above indicates, closing the Bonneville golf course would create a more significant deficit for the Golf Fund than if it were to keep all courses open.

Overall, the Golf Fund would potentially lose an additional $190,000 in revenue in the first year, and a projected $217,000 in FY20.

(2) Break-Even Analysis

If the City closed the Bonneville golf course, it would need to generate $650,000 of revenue in order to break even in FY16, as was shown in the previous table. The following table shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of the Bonneville golf course:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$650,168	$810,492	$966,302	$1,117,608	$1,264,402
Round Break-even Revenue	$416,108	$518,715	$618,433	$715,269	$809,217
Break-even Round Assumptions					
Average fee per round	38,457	47,940	57,156	66,106	74,789
Average full fee	17,928	22,349	26,645	30,817	34,865
Average fee	22,788	28,407	33,868	39,171	44,316

As the table shows, in order for the Golf Fund to reach net zero in FY16 if it closed the Bonneville golf course, it would need to increase the rounds played at its other courses by a minimum combined total of 17,928, with the assumption that the average golfer pays the full fee at his or her chosen course. However, using the average fee per round, calculated as a break-even metric, the City's other courses would need to increase the rounds played by approximately 38,457 in FY16.

To put these numbers into perspective, Bonneville was projected to have 70,000 rounds played in FY15. By that measure, the Golf Fund would need to retain between 25% and 50% of Bonneville rounds in order to achieve a break-even point in FY16. However, by FY20 the Golf Fund would need to retain between 50% and 107% of Bonneville's rounds played in order to break even.

(3) Conclusion

Bonneville golf course is one of the City's premier courses. Its consistent history of generating surplus revenue, coupled with its five-year projection of maintaining a revenue surplus does not make it a realistic candidate for course closure. The surplus revenue generated by this course ultimately helps offset deficits associated with other courses. Therefore, the Golf Fund should not consider closing Bonneville in order alleviate its current deficit.

2. FOREST DALE COURSE CLOSURE IMPACTS

Forest Dale has the distinction of being the oldest golf course in Utah, and features a pro shop, café and serves as the base of operations for the Golf Division's administrative section. While Forest Dale currently shows a revenue surplus through FY16, it is projected to produce a deficit beginning in FY17. The following subsections discuss the impacts of closing the Forest Dale golf course.

(1) Expenditure and Revenue Elimination Only

If the Forest Dale golf course closed, the deficit associated with the Golf Fund would only increase by approximately $4,500 in FY16. The following table outlines the impact of closing the Forest Dale course on the baseline projections for the Golf Fund over the next five years:

Impact of Forest Dale Course Closure on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($464,423)	($608,524)	($747,693)	($881,931)	($1,011,218)
Net Impact	($4,425)	$5,295	$15,244	$25,428	$35,853

As the table above indicates, closing Forest Dale would increase the Golf Fund's deficit in FY16, but would begin to reduce the overall deficit starting with FY17. Overall, closing Forest Dale would only minimally impact the Golf Fund's revenue deficit.

(2) Break-Even Analysis

If the City closed the Forest Dale golf course, it would need to generate $464,000 of revenue in order to break even in FY16. The following shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of the Forest Dale golf course:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$464,423	$608,524	$747,693	$881,931	$1,011,218
Round Break-even Revenue	$297,231	$389,455	$478,524	$564,436	$647,180
Break-even Round Assumptions					
Average fee per round	27,470	35,994	44,226	52,166	59,813
Average full fee	12,806	16,780	20,617	24,319	27,884
Average fee	16,278	21,328	26,206	30,911	35,442

In order for the Golf Fund to reach net zero in FY16 it would need to increase the rounds played at its other courses by a minimum combined total of 12,806. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by approximately 27,470 in FY16.

To put these numbers into perspective, Forest Dale was projected to have 41,000 rounds in FY15. By that measure, the Golf Fund would need to retain between 31% and 67% of Forest Dale's rounds in order to achieve a break-even point in FY16. However, by FY20 the Golf Fund would need to retain between 68% and 146% of Forest Dale's current rounds played in order to break even.

(3) Conclusion

The Forest Dale golf course has much associated history, including its distinction as the original Salt Lake Country Club. While the course has generated a minimal surplus revenue in the past, FY20 projects a deficit of approximately $36,000. The high rate of round retention needed, coupled with the course's historical status does not make it an ideal course for closure.

3. GLENDALE COURSE CLOSURE IMPACTS

The Glendale golf course offers a unique experience, with lake and wetland-lined fairways coupled with views of the Salt Lake City skyline and state capital building. The course offers a driving range, which is among the best in the City's inventory, pro shop, café, and practice greens. As with Forest Dale, the Glendale golf course currently shows a revenue surplus through FY16, but is projected to produce a deficit beginning in FY17. The following subsections analyze the impacts of closing the Glendale golf course.

(1) Expenditure and Revenue Elimination Only

If the Glendale golf course were closed, the deficit associated with the Golf Fund would only increase by approximately $5,500 in FY16. The following table outlines the impact of closing Glendale on the baseline projections for the Golf Fund over the next five years:

Impact of Glendale Course Closure on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($465,523)	($575,479)	($680,761)	($781,358)	($877,239)
Net Impact	($5,525)	$38,340	$82,176	$126,001	$169,832

As the table above indicates, closing Glendale would increase the Golf Fund's deficit in FY16, but would begin to reduce the overall deficit starting with FY17. While closing Glendale does help reduce the Golf Fund's overall deficit over the next five years, it does not make a significant impact.

(2) Break-Even Analysis

If the City closed the Glendale golf course, it would need to generate $466,000 of revenue in order to break even in FY16. The table on the following page shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of the Glendale golf course:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$465,523	$575,479	$680,761	$781,358	$877,239
Round Break-even Revenue	$297,935	$368,307	$435,687	$500,069	$561,433
Break-even Round Assumptions					
Average fee per round	27,536	34,039	40,267	46,217	51,888
Average full fee	12,836	15,868	18,772	21,545	24,189
Average fee	16,316	20,170	23,860	27,386	30,747

In order for the Golf Fund to reach net zero in FY16 it would need to increase the rounds played at its other courses by a minimum combined total of 12,836. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by approximately 27,536 in FY16.

To put these numbers into perspective, Glendale was projected to have 66,500 rounds in FY15. By that measure, the Golf Fund would need to retain between 19% and 41% of Glendale's rounds in order to achieve a break-even point in FY16. However, by FY20 this would increase to between 36% and 78% of Glendale's current rounds played in order to break even.

(3) Conclusion

While the Glendale golf course has generated minimal surplus revenue in the past, it is projected to produce a deficit beginning in FY17 that will be as large as $170,000 in FY20. The round retention rate associated with Glendale is not as large as that of Bonneville or Forest Dale. Glendale's proximity to Forest Dale and Nibley does increase the probability that the City could retain the rounds needed in order to achieve a net zero position in the Golf Fund through closure of this course.

4. MOUNTAIN DELL COURSE CLOSURE IMPACTS

The Mountain Dell golf course is located about 16 miles east of downtown Salt Lake City and offers ideal summer golfing due to its higher elevation. The course offers two 18-hole courses, a driving range, pro shop, café, and practice greens. Mountain Dell is projected to be the City's most profitable golf asset, with revenues exceeding $460,000 annually. The following subsections analyze the impacts of closing the Mountain Dell golf courses.

(1) Expenditure and Revenue Elimination Only

If the Mountain Dell golf courses were closed, the deficit associated with the Golf Fund would nearly double to approximately $915,000 in FY16. The following table outlines the impact of closing Mountain Dell on the baseline projections for the Golf Fund over the next five years:

Impact of Mountain Dell Course Closure on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($914,864)	($1,057,081)	($1,194,181)	($1,326,159)	($1,452,991)
Net Impact	**($454,866)**	**($443,262)**	**($431,244)**	**($418,800)**	**($405,920)**

As the table above indicates, closing Mountain Dell would have a significant negative impact on the Golf Fund's deficit over the next five years. The relatively large revenues produced at Mountain Dell help reduce the overall deficit associated with other City's courses, and its closure would have an adverse impact on the Golf Fund.

(2) Break-Even Analysis

If the City closed the Mountain Dell golf course, it would need to generate $915,000 of revenue in order to break even in FY16. The table on the following page shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of the Mountain Dell golf course:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$914,864	$1,057,081	$1,194,181	$1,326,159	$1,452,991
Round Break-even Revenue	$585,513	$676,532	$764,276	$848,742	$929,914
Break-even Round Assumptions					
Average fee per round	54,114	62,526	70,635	78,442	85,944
Average full fee	25,227	29,148	32,929	36,568	40,065
Average fee	32,065	37,050	41,855	46,481	50,926

In order for the Golf Fund to reach net zero in FY16, it would need to increase the rounds played at its other courses by a minimum combined total of 25,227. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase the rounds played by approximately 54,114 in FY16.

To put these numbers into perspective, Mountain Dell was projected to have 94,000 rounds in FY15. By that measure, the Golf Fund would need to retain anywhere between 27% and 58% of Mountain Dell's rounds in order to achieve a break-even point in FY16. By FY20, however, this would increase to between 43% and 91%, in order for the Golf Fund to break even.

(3) Conclusion

Mountain Dell offers golfers a premier course, and provides the Golf Fund with significant revenue surpluses annually. As with Bonneville, the surplus revenue generated by this course ultimately helps offset deficits associated with other courses. Therefore, closure of Mountain Dell is not a feasible option to help reduce the Golf Fund's projected deficit.

5. NIBLEY COURSE CLOSURE IMPACTS

The Nibley golf course has the distinction of being the oldest public golf course in Utah, and was donated to the City in 1922 by the Nibley family. The course offers a driving range, pro shop, café, and practice greens. This course serves as the primary location for youth golf development efforts, and hosts an annual Christmas tree sale in its parking lot that produces some additional non-golf revenue. While not as profitable as Mountain Dell or Bonneville, the Nibley golf course is projected to produce a revenue surplus over the next five years. The following subsections discuss the impacts of closing the Nibley golf course.

(1) Expenditure and Revenue Elimination Only

If the Nibley golf course were closed, the deficit associated with the Golf Fund would increase by roughly $29,000 in FY16. The following table outlines the impact of closing Nibley on the baseline projections for the Golf Fund over the next five years:

Impact of Nibley Course Closure on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($489,062)	($655,913)	($818,804)	($977,773)	($1,132,839)
Net Impact	($29,064)	($42,094)	($55,867)	($70,414)	($85,768)

As the table above indicates, closing Nibley would marginally increase the deficit associated with the Golf Fund over the next five years. By FY16 the Golf Fund's deficit would increase to $489,000, with a FY20 projected deficit of $1,133,000.

(2) Break-Even Analysis

If the City closed the Nibley golf course, it would need to generate $489,000 of revenue in order to break even in FY16. The following table shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with the closure of the Nibley golf course:

Metric	FY16	FY17	FY18	FY 19	FY20
Break-even Revenue	$489,062	$655,913	$818,804	$977,773	$1,132,839
Round Break-even Revenue	$313,000	$419,784	$524,035	$625,775	$725,017
Break-even Round Assumptions					
Average fee per round	28,928	38,797	48,432	57,835	67,007
Average full fee	13,486	18,086	22,578	26,961	31,237
Average fee	17,141	22,989	28,698	34,270	39,705

As the table illustrates, in order for the Golf Fund to reach net zero in FY16, the numbers of rounds played would need to increase at other courses by a minimum combined total of 13,486. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by approximately 28,928 in FY16.

To put these numbers into perspective, Nibley was projected to have 32,000 rounds in FY15. By that measure, the Golf Fund would need to retain between 42% and 90% of Nibley's rounds in order to achieve a break-even point in FY16. By FY20, this roughly doubles to between 98% and 209%, in order for the Golf Fund to break even.

(3) Conclusion

Nibley golf course, as with Forest Dale, is a historical property offering unique course features. If the City closed Nibley, the property would revert back to the Nibley family per stipulation of the donation. Based on the fact that Nibley is able to sustain itself by posting annual revenue surpluses, coupled with the potential loss of land should the course close, it is not recommended that the City close Nibley in order to reduce the Golf Fund's projected deficit.

6. ROSE PARK COURSE CLOSURE IMPACTS

Rose Park golf course is located a few minutes from Salt Lake International Airport, and is rated as one of Golf Digest's Best Places to Play. The course offers a driving range, pro shop, café, and practice greens. Only once in the last five years has Rose Park achieved a revenue surplus, and the five-year projections for the course show deficits ranging from $280,000 to $575,000. The following subsections discuss the impacts of closing Rose Park golf course.

(1) Expenditure and Revenue Elimination Only

If Rose Park were closed, the deficit associated with the Golf Fund would decrease by roughly $343,000 in FY16. The following table outlines the impact of closing Rose Park on the baseline projections for the Golf Fund over the next five years:

Impact of Pose Park Course Closure on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($116,693)	($210,058)	($300,418)	($387,657)	($471,645)
Net Impact	**$343,305**	**$403,761**	**$462,519**	**$519,702**	**$575,426**

As the table above indicates, closing Rose Park would significantly reduce the deficit associated with the Golf Fund over the next five years. By FY16 the Golf Fund's deficit would decrease to $117,000, with a FY20 projected deficit of approximately $472,000.

(2) Break-Even Analysis

If the City closed the Rose Park golf course it would need to generate only $75,000 of revenue in order to break even in FY16. The following table shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with the closure of the Rose Park golf course:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$116,693	$210,058	$300,418	$387,657	$471,645
Round Break-even Revenue	$74,684	$134,437	$192,268	$248,100	$301,853
Break-even Round Assumptions					
Average fee per round	6,902	12,425	17,770	22,930	27,898
Average full fee	3,218	5,792	8,284	10,689	13,005
Average fee	4,090	7,362	10,529	13,587	16,531

The Golf Fund could achieve net zero in FY16 by increasing rounds played at other courses by a minimum combined total of 3,218. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by approximately 6,902 in FY16.

To put these numbers into perspective, Rose Park was projected to have 52,000 rounds in FY15. By that measure, the Golf Fund would need to retain between 6% and 13% of Rose Park's rounds in order to achieve a break-even point in FY16. By FY 20, this increases to between 25% and 54% in order for the Golf Fund to break even.

(3) Conclusion

While the closure of Rose Park does not eliminate the Golf Fund's deficit, it does reduce the overall deficit by a greater amount than any other single course. Additionally, the rounds needed to be absorbed by other City courses in order to eliminate the Fund's deficit are minimal, and potentially most achievable. Rose Park is a neighborhood course, providing not only quality golf to neighboring residents but also accessible park space.

7. WINGPOINTE COURSE CLOSURE IMPACTS

Wingpointe golf course, which is contiguous to the Salt Lake International Airport, is known for its Scottish flavor and "linksland" character which are unique within the Salt Lake City courses. The course offers a driving range, pro shop, café, and practice greens. The five-year projections for the course show deficits ranging from $110,000 to $400,000. The following subsections discuss the impacts of closing Wingpointe golf course. (Note that these impacts do not include any assumptions regarding the lease payments to the Airport that have been mandated by the FAA. These payments would significantly increase the break-even calculations for all scenarios involving this course).

(1) Expenditure and Revenue Elimination Only

If Wingpointe were closed, the deficit associated with the Golf Fund would decrease by roughly $170,000 in FY16. The table on the following page outlines the impact of closing Wingpointe on the baseline projections for the Golf Fund over the next five years:

Impact of Wingpointe Course Closure on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($290,504)	($385,699)	($476,976)	($564,289)	($647,574)
Net Impact	**$169,494**	**$228,120**	**$285,961**	**$343,070**	**$399,497**

Similar to the closure of Rose Park, closing Wingpointe would significantly reduce the deficit associated with the Golf Fund over the next five years. In FY16 the Golf Fund's deficit would decrease to $291,000, with a FY20 projected deficit of $648,000.

(2) Break-Even Analysis

If the City closed the Wingpointe golf course, it would need to generate roughly $291,000 of revenue in order to break even in FY16. The following table shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of the Wingpointe golf course:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$290,504	$385,699	$476,976	$564,289	$647,574
Round Break-even Revenue	$185,923	$246,847	$305,265	$361,145	$414,447
Break-even Round Assumptions					
Average fee per round	17,183	22,814	28,213	33,378	38,304
Average full fee	8,010	10,635	13,152	15,560	17,856
Average fee	10,182	13,518	16,718	19,778	22,697

The Golf Fund could achieve net zero in FY16 by increasing rounds played at other courses by a minimum combined total of 8,010. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by approximately 17,183 in FY16.

To put these numbers into perspective, Wingpointe was projected to have 52,000 rounds in FY15. By that measure, the Golf Fund would need to retain between 15% and

33% of Wingpointe's rounds in order to achieve a break-even point in FY16. By FY20, this increases to between 34% and 74% in order for the Golf Fund to break even.

Currently, the City leases Wingpointe from the Airport Fund for a significant fee which increases annually, to a reported $700,000 or greater by 2017. Should the City choose to close Wingpointe, it would revert back to the Airport Fund, which would have the option of keeping the course open. If this were the case, the round revenue assumptions noted above would be moot.

(3) Conclusion

The closure of Wingpointe does not eliminate the Golf Fund's deficit, however, it does significantly decrease it. The current status of the course's lease with the Airport makes it a prime candidate for closure, as lease costs for the course will increase significantly for the foreseeable future. Closure of this course would significantly reduce the Golf Fund's revenue deficit, but could lead to a complete loss of round revenue if the Airport chose to keep the course open.

5. MULTIPLE COURSE CLOSURE SCENARIOS

While closing a single course could alleviate the Golf Fund's projected deficit, it would not eliminate it. Therefore, the project team examined scenarios involving the closures of multiple courses, and the projected impacts of these simultaneous closures on the Golf Fund. As was shown in the previous chapter, Forest Dale, Glendale, Rose Park, and Wingpointe are the only courses that are projected to negatively impact the Golf Fund over the next five years. The following sections show the impacts on the Golf Fund of closing multiple courses.

1. FOREST DALE AND GLENDALE COURSE CLOSURE IMPACT.

Both Forest Dale and Glendale are projected to have marginal revenue surpluses in FY16. While the projected deficit associated with Forest Dale is only $36,000 by FY20, Glendale is projected to have a deficit of $170,000. The following subsections discuss the impacts of closing both Forest Dale and Glendale golf courses.

(1) Expenditure and Revenue Elimination Only

If both Forest Dale and Glendale were closed, the deficit associated with the Golf Fund would increase in FY16 by roughly $10,000. The following table outlines the impact of closing both courses on the baseline projections for the Golf Fund over the next five years:

Impact of Forest Dale and Glendale Course Closures on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($469,947)	($570,184)	($665,517)	($755,930)	($841,386)
Net Impact	**($9,949)**	**$43,635**	**$97,420**	**$151,429**	**$205,685**

Closing both Forest Dale and Glendale courses would only minimally impact the deficit associated with the Golf Fund over the next five years. In FY16 the Golf Fund's deficit would increase to $470,000, however, by FY20 the Fund would realize savings of roughly $206,000.

(2) Break-Even Analysis

The Golf Fund would need to generate roughly $470,000 of revenue in order to break even in FY16 if it were to close the Forest Dale and Glendale courses. The following table shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of these courses:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$469,947	$570,184	$665,517	$755,930	$841,386
Round Break-even Revenue	$300,766	$364,918	$425,931	$483,795	$538,487
Break-even Round Assumptions					
Average fee per round	27,797	33,726	39,365	44,713	49,768
Average full fee	12,958	15,722	18,351	20,844	23,201
Average fee	16,471	19,985	23,326	26,495	29,490

The Golf Fund could achieve net zero in FY16 by increasing rounds played at other courses by a minimum combined total of 12,958. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by approximately 27,797 in FY16.

To put these numbers into perspective, Forest Dale and Glendale were projected to have 107,500 combined rounds in FY15. By that measure, the Golf Fund would need to retain between 12% and 26% of Forest Dale and Glendale's rounds in order to achieve a break-even point in FY16. By FY20, this increases to between 22% and 46% in order for the Golf Fund to break even.

(3) Conclusion

The closure of Forest Dale and Glendale only marginally decreases the Golf Fund's deficit over the next five years. As noted in the previous chapter, the historical nature of Forest Dale could complicate the Fund's ability to close it. Additionally, closure of Forest Dale and Glendale could greatly impact staffing at Nibley, due to the close proximity of all three courses.

2. FOREST DALE AND ROSE PARK COURSE CLOSURE IMPACT.

While Forest Dale is projected to have a marginal impact on the Golf Fund's deficit over the next five years, Rose Park is projected to have significant negative impacts. The following subsections discuss the impacts of closing both Forest Dale and Rose Park golf courses.

(1) Expenditure and Revenue Elimination Only

If both Forest Dale and Rose Park were closed, the deficit associated with the Golf Fund would significantly decrease in FY16 by roughly $339,000. The following table outlines the impact of closing both courses on the baseline projections for the Golf Fund over the next five years:

Impact of Forest Dale and Rose Park Course Closures on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($121,117)	($204,764)	(285,174)	($362,229)	($435,793)
Net Impact	**$338,881**	**$409,055**	**$477,763**	**$545,130**	**$611,278**

Closing both Forest Dale and Rose Park courses would significantly impact the deficit associated with the Golf Fund over the next five years. In FY16 the Golf Fund's deficit would decrease to $121,000, and is projected to be $436,000 by FY20.

(2) Break-Even Analysis

The Golf Fund would need to generate roughly $121,000 of revenue in order to break even in FY16 if it closed the Forest Dale and Glendale courses. The table on the following page shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of these courses:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$121,117	$204,764	$285,174	$362,229	$435,793
Round Break-even Revenue	$77,515	$131,049	$182,511	$231,827	$278,907
Break-even Round Assumptions					
Average fee per round	7,164	12,112	16,868	21,426	25,777
Average full fee	3,340	5,646	7,863	9,988	12,017
Average fee	4,245	7,177	9,995	12,696	15,274

If the Golf Fund increased rounds played at other courses by a combined total of 3,340, it could achieve net zero in FY16. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by only 7,164 in FY16.

To put these numbers into perspective, Forest Dale and Rose Park were projected to have 93,000 combined rounds in FY15. By that measure, the Golf Fund would need to retain between 4% and 8% of Forest Dale and Rose Park's rounds in order to achieve a break-even point in FY16. By FY20, this only increases to between 13% and 28% in order for the Golf Fund to break even.

(3) Conclusion

The closure of Forest Dale and Rose Park would not eliminate the Golf Fund's current or projected deficit; although the low round retention numbers noted above suggest that the Golf Fund could easily attain a break-even point should these courses be closed. However, the historical nature of Forest Dale coupled with the Rose Park's significant neighborhood ties could complicate the ability of the City to realize this scenario.

3. FOREST DALE AND WINGPOINTE COURSE CLOSURE IMPACT.

Wingpointe's projected impact on the Golf Fund's deficit over the next five years is significantly more than that of Forest Dale. The following subsections discuss the impacts of closing both Forest Dale and Wingpointe golf courses.

(1) Expenditure and Revenue Elimination Only

If both Forest Dale and Wingpointe were closed, the deficit associated with the Golf Fund would significantly decrease in FY16 by roughly $165,000. The following table outlines the impact of closing both courses on the baseline projections for the Golf Fund over the next five years:

Impact of Forest Dale and Wingpointe Course Closures on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($294,928)	($380,404)	($461,732)	($538,861)	($611,722)
Net Impact	**$165,070**	**$233,415**	**$301,205**	**$368,498**	**$435,349**

Closing both Forest Dale and Wingpointe courses would greatly impact the deficit associated with the Golf Fund over the next five years. In FY16 the Golf Fund's deficit would decrease to $295,000, and is projected to be $612,000 by FY20.

(2) Break-Even Analysis

The Golf Fund would need to generate roughly $295,000 of revenue in order to break even in FY16 if it were to close the Forest Dale and Glendale courses. The table on the following page shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of these courses:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$294,928	$380,404	$461,732	$538,861	$611,722
Round Break-even Revenue	$188,754	$243,458	$295,508	$344,871	$391,502
Break-even Round Assumptions					
Average fee per round	17,445	22,501	27,311	31,873	36,183
Average full fee	8,132	10,489	12,732	14,859	16,868
Average fee	10,337	13,333	16,183	18,887	21,440

If the Golf Fund increased the numbers of rounds played at other courses by a combined total of 8,132, it would achieve net zero in FY16. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by 17,445 in FY16.

To put these numbers into perspective, Forest Dale and Wingpointe were projected to have 135,000 combined rounds in FY15. By that measure, the Golf Fund would need to retain between 6% and 13% of Forest Dale and Wingpointe's rounds in order to achieve a break-even point in FY16. By FY20, this doubles to between 12% and 27% in order for the Golf Fund to break even.

As noted in the previous chapter, if the Golf Fund closed Wingpointe, there is the potential for the Airport to keep the course open. If this were the case, the Golf Fund would need to retain between 20% and 43% of Forest Dale rounds only.

(3) Conclusion

The closure of Forest Dale and Wingpointe alone would not eliminate the Golf Fund's current or projected deficit. While round retention numbers are not significant, they depend primarily on whether Wingpointe is fully closed, or merely handed over to the Airport for operation. This, coupled with the historical nature of Forest Dale could make this scenario difficult to implement.

4. GLENDALE AND ROSE PARK COURSE CLOSURE IMPACT.

Glendale is projected to begin impacting the Golf Fund's deficit in FY16, while Rose Park is projected to have significant negative impacts for each of the next five years. The following subsections discuss the impacts of closing both Glendale and Rose Park golf courses.

(1) Expenditure and Revenue Elimination Only

If both Glendale and Rose Park were closed, the deficit associated with the Golf Fund would significantly decrease in FY16 by roughly $338,000. The following table outlines the impact of closing both courses on the baseline projections for the Golf Fund over the next five years:

Impact of Glendale and Rose Park Course Closures on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($122,217)	($171,719)	($218,242)	($261,657)	($301,814)
Net Impact	**$337,781**	**$442,100**	**$544,695**	**$645,702**	**$745,257**

Closing both Glendale and Rose Park courses would significantly impact the deficit associated with the Golf Fund over the next five years. In FY16 the Golf Fund's deficit would decrease to $122,000, and is projected to be $745,000 by FY20.

(2) Break-Even Analysis

The Golf Fund would need to generate roughly $122,000 of revenue in order to break even in FY16 if it closed the Glendale and Rose Park courses. The following table shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of these courses:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$122,217	$171,719	$218,242	$261,657	$301,814
Round Break-even Revenue	$78,219	$109,900	$139,675	$167,460	$193,161
Break-even Round Assumptions					
Average fee per round	7,229	10,157	12,909	15,477	17,852
Average full fee	3,370	4,735	6,018	7,215	8,322
Average fee	4,284	6,019	7,649	9,171	10,578

If the Golf Fund increased the numbers of rounds played at other courses by a combined total of 3,370, it could achieve net zero in FY16. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by only 7,229 in FY16.

To put these numbers into perspective, Glendale and Rose Park were projected to have 118,500 combined rounds in FY15. By that measure, the Golf Fund would need to retain between 3% and 6% of Glendale and Rose Park's rounds in order to achieve a break-even point in FY16. By FY20, this only increases to between 7% and 15% in order for the Golf Fund to break even.

(3) Conclusion

The closure of Glendale and Rose Park would not eliminate the Golf Fund's current or projected deficit. This scenario closely mirrors that of the closure of Forest Dale and Rose Park, both in impacts to the Golf Fund, and minimal round retention numbers. However, the City would still need to address Rose Park's significant neighborhood ties in order to realize this scenario.

5. GLENDALE AND WINGPOINTE COURSE CLOSURE IMPACT.

Glendale is projected to begin contributing to the Golf Fund's deficit in FY16, however, Wingpointe's projected impact on the Golf Fund's deficit over the next five years is immediate and significant. The following subsections discuss the impacts of closing both Glendale and Wingpointe golf courses.

(1) Expenditure and Revenue Elimination Only

If both Glendale and Wingpointe were closed, the deficit associated with the Golf Fund in FY16 is projected to be $269,000. The following table outlines the impact of closing both courses on the baseline projections for the Golf Fund over the next five years:

Impact of Glendale and Wingpointe Course Closures on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	($296,029)	($347,359)	($394,800)	($438,289)	($477,742)
Net Impact	**$163,969**	**$266,460**	**$368,137**	**$469,070**	**$569,329**

Closing both Glendale and Wingpointe courses would greatly impact the deficit associated with the Golf Fund over the next five years. In FY16 the Golf Fund's deficit would decrease to $164,000, but is projected to be $569,000 by FY20.

(2) Break-Even Analysis

The Golf Fund would need to generate roughly $296,000 of revenue in order to break even in FY16 if it closed the Glendale and Wingpointe courses. The following table shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of these courses:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$296,029	$347,359	$394,800	$438,289	$477,742
Round Break-even Revenue	$189,458	$222,310	$252,672	$280,505	$305,755
Break-even Round Assumptions					
Average fee per round	17,510	20,546	23,352	25,925	28,258
Average full fee	8,163	9,578	10,886	12,086	13,173
Average fee	10,376	12,175	13,837	15,362	16,745

If the Golf Fund increase the numbers of rounds played at other courses by a combined total of 8,163 it could achieve net zero in FY16. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by 17,510 in FY16.

To put these numbers into perspective, Glendale and Wingpointe were projected to have 160,500 combined rounds in FY15. By that measure, the Golf Fund would need to retain between 5% and 11% of Glendale and Wingpointe's rounds in order to achieve a break-even point in FY16. By FY20, this increases slightly to between 5% and 18% in order for the Golf Fund to break even.

As noted in the previous chapter, if the Golf Fund closed Wingpointe, there is the potential for the Airport to keep the course open. If this were the case, the Golf Fund would need to retain between 12% and 26% of Glendale's rounds only.

(3) Conclusion

The closure of Glendale and Wingpointe alone would not eliminate the Golf Fund's current or projected deficit. While round retention numbers are not significant, they depend primarily on whether Wingpointe is fully closed, or merely handed over to the Airport for operation.

6. ROSE PARK AND WINGPOINTE COURSE CLOSURE IMPACTS

Rose Park and Wingpointe are projected to have significant impacts on the Golf Fund's deficit over the next five years. The following subsections discuss the impacts of closing both Rose Park and Wingpointe golf courses.

(1) Expenditure and Revenue Elimination Only

If both Rose Park and Wingpointe were closed, the Golf Fund would project a surplus of $53,000 if FY16. The following table outlines the impact of closing both courses on the baseline projections for the Golf Fund over the next five years:

Impact of Rose Park and Wingpointe Course Closures on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	$52,802	$18,062	($14,457)	($44,587)	($72,149)
Net Impact	**$512,800**	**$631,881**	**$748,480**	**$862,772**	**$974,922**

Closing both Rose Park and Wingpointe courses would eliminate the deficit associated with the Golf Fund in FY16 and FY17. However, the Fund would begin experiencing deficits in FY18 and beyond.

(2) Break-Even Analysis

The Golf Fund would not need to generate any additional revenue in FY16 in order to break even, however, it would need to generate roughly $14,000 of revenue in order to break even in FY18 if it closed the Rose Park and Wingpointe courses. The table on the following page shows the break-even revenue, round break-even revenue, and break-even round assumptions associated with closure of these courses:

Metric	FY16	FY17	FY18	FY19	FY20
Break-even Revenue	$52,802	$18,062	($14,457)	($44,587)	($72,149)
Round Break-even Revenue	-	-	$9,252	$28,536	$46,175
Break-even Round Assumptions					
Average fee per round	-	-	855	2,637	4,268
Average full fee	-	-	399	1,229	1,989
Average fee	-	-	507	1,563	2,529

Closure of Rose Park and Wingpointe would provide the Golf Fund with marginal revenue surpluses for FY16 and FY17. Any rounds retained from closure of these courses would only increase Fund surpluses. However, by FY20 the Golf Fund would need to increase rounds played at other courses by a combined total of 1,989 to achieve net zero. Using the average fee per round calculated as a break-even metric, the City's other courses would need to increase their rounds played by 4,268.

To put these numbers into perspective, Rose Park and Wingpointe were projected to have 146,000 combined rounds in FY15. By that measure, the Golf Fund would need to retain roughly 3% of Rose Park and Wingpointe's rounds in order to achieve a break-even point in FY20.

As was noted in the previous chapter, if the Golf Fund closed Wingpointe, there is the potential for the Airport to keep the course open. If this were the case, the Golf Fund would need to retain between 4% and 8% of Rose Park's rounds in FY20.

(3) Conclusion

The closure of Rose Park and Wingpointe would provide the Golf Fund with revenue surpluses in FY16 and FY17. However, the Fund would begin to see deficits in FY18 and subsequent years. Regardless of whether Wingpointe is fully closed, or merely handed over to the Airport for operation, the round retention numbers needed to break even for future years remain minimal. This scenario still faces the issue of Rose Park's significant neighborhood ties.

7. GLENDALE, ROSE PARK AND WINGPOINTE COURSE CLOSURE IMPACTS

Glendale, Rose Park and Wingpointe are the three courses projected to have the largest impact on the Golf Fund's deficit over the next five years. The following subsections discuss the impacts of closing all three courses.

(1) Expenditure and Revenue Elimination Only

If all three courses were closed, the Golf Fund would project a surplus of $47,000 in FY16. The following table outlines the impact of closing Glendale, Rose Park and Wingpointe on the baseline projections for the Golf Fund over the next five years:

Impact of Glendale, Rose Park and Wingpointe Course Closures on Golf Fund					
	FY16	**FY17**	**FY18**	**FY19**	**FY20**
Baseline	($459,998)	($613,819)	($762,937)	($907,359)	($1,047,071)
Course Closure	$47,277	$56,402	$67,719	$81,413	$97,683
Net Impact	**$507,275**	**$670,221**	**$830,656**	**$988,772**	**$1,144,754**

The closure of Glendale, Rose Park and Wingpointe courses is projected to provide the Golf Fund with a revenue surplus through the next five years. Not only does this scenario eliminate the Fund's deficit, it also provides for increasing revenues with each subsequent year.

(2) Break-Even Analysis

The closure of Glendale, Rose Park and Wingpointe would provide the Golf Fund with marginal revenue surpluses over the next five years. Any rounds retained from closure of these courses would only increase Fund surpluses.

(3) Conclusion

The closure of Glendale, Rose Park and Wingpointe would provide the Golf Fund with increasing revenue surpluses over the next five years. This scenario still faces the issue of Rose Park's significant neighborhood ties, and could potentially have a significant impact on staffing and use at other City courses due to round dispersal.

6. GOLF FUND COMPARISON STUDIES

This chapter of the report presents the results of case studies of golf course operations in eight cities similar in size and nature to Salt Lake City golf course operations. The purpose of these case studies was to identify golf course operating models, organizational and management practices, marketing strategies, programmatic strategies, and maintenance and capital improvement strategies that offer potential improvements for the Salt Lake City Golf Fund.

The cities selected for the study were identified by staff in the Council's office and the Matrix project team as cities used by Salt Lake City in other comparison studies and as having similar golf operations to the City. The eight cities included in the study were:

- Albuquerque, New Mexico
- Boise, Idaho
- Denver, Colorado
- Lincoln, Nebraska
- Portland, Oregon
- Sacramento, California
- St Paul, Minnesota
- Wichita, Kansas

The case study profiled golf course facilities and amenities in each city and reviewed golf course operations through in-depth telephone interviews with key golf course administrators, an online review of each city's golf course website, analysis of related budget and financial documents, and a review of current literature related to golf course operations. Appendix B of this report provides a detailed review of the golf operations of each of the cities participating in the study. It is worth noting that although Salt Lake City has a population less than any of those in the survey, but has more municipal golf courses than any participating City, with seven.

The following presents findings from the project team's investigation focusing on operating models, financial mechanisms, management strategies, maintenance and capital improvement strategies, programmatic strategies, and a summary of the key elements for successful golf course operations.

1. A VARIETY OF OPERATING MODELS ARE UTILIZED BY CITIES TO ADMINISTER GOLF COURSE OPERATIONS.

The study identified five basic operating models employed by the cities in the comparative study to administer their golf course operations. Each of the five operational models vary in detailed contractual provisions, complexity and implementation depending on the specific circumstances surrounding the golf operation in each individual city. The following presents general descriptions of the five operating models used by the municipalities included in the comparison study:

- **City Operation Model** – The city administers golf course operations in-house using full-time and seasonal part-time city employees to maintain and operate the courses. The city may contract with outside concessionaires to provide specific elements of the operation such as food and beverage services. The city provides all operating funds including administrative overhead costs and capital improvement funds and receives all revenues generated from the golf course operation.

- **Concession Operation Model** – The city grants an outside contractor a license to provide all or a portion of the daily operations of the golf course which may or may not include golf course maintenance. The concessionaire is responsible for all operating costs and retains the revenues generated from the operation. The concessionaire pays the city a minimum rental payment and a percentage of gross revenues. The city continues to have responsibility for capital improvements.

- **Management Agreement Model** – The city contracts with a professional golf management firm to provide daily management of the golf course operations. The management firm hires all employees, collects all revenues and is responsible for all expenses. The city retains all revenues and reimburses the management firm for personnel costs and direct expenses and pays the firm a fixed management fee plus a predetermined percentage of revenues based on performance targets. The city retains the responsibility for maintenance and capital improvements of the golf courses.

- **Operating Lease Model** – The city establishes a long-term lease of the golf course property to a private party which provides overall management and administration of the facilities. This private firm, or lessee, is responsible for the maintenance of the golf course and all capital improvements to the facilities and contributing to a capital improvement reserve fund. The lessee retains all the revenues generated from the operations and pays the city a rental payment from the lessee.

- **Hybrid Model** – This model consists of some combination of the models presented above with a combination of city operations, concessionaire agreements, management agreements and/or maintenance contracts to manage and administer golf courses operations.

A variety of operating models are currently used by the eight municipalities to administer their agencies' golf courses. The specific provisions of each operating model vary in actual implementation depending on the unique circumstances at each individual golf course and agency. Several of the cities surveyed have incorporated multiple operating models in the administration of their golf course operations. Appendix B of this report provides a detailed description of the key elements of each operating model.

All of the cities administer their golf course operations, monitor contractual agreements and provide management oversight of golf course operations through administrative divisions in parks and recreation departments or public services departments whether they have selected the City Operating Model or one of the other operating models. The following table presents the operating models used by each of the surveyed cities in the administration and management of their golf course operations:

Operating Modes in Use in Comparative Cities	
City	**Operating Model**
Albuquerque, New Mexico	City Operation Model
Boise, Idaho	City Operation Model
Denver, Colorado	City Operation Model
Lincoln, Nebraska	City Operation Model
Portland, Oregon	City Operation Model Concession Agreement Model Management Agreement Model Operating Lease Model
Sacramento, California	Concession Agreement Model
St Paul, Minnesota	City Operation Model Management Agreement Model
Wichita, Kansas	City Operation Model

Regardless of the operating model selected by an agency for their golf course operations, the study identified a variety of factors that contribute to the success of golf course operations. The following sections present these key factors in the areas of financial management, a variety of management, marketing, maintenance and programmatic strategies, and a summary of the key elements of success in golf course operations.

2. ENTERPRISE FUNDS ARE A COMMON AND APPROPRIATE FINANCIAL MECHANISM TO ADMINISTER GOLF COURSE OPERATIONS.

Enterprise funds have been established as the predominant financial structure under which to administer golf course operations, with the revenues and expenditures segregated into a separate operating account rather than comingled with general fund revenues and expenditures. Enterprise funds do not create a separate governmental entity, but are managed as part of the existing governmental operations and are subject to the rigorous accounting and financial standards required of all municipalities. .

The following findings related to the use of enterprise funds for the financial administration of golf course operations were identified in the study:

- Golf enterprise funds have been established in seven of the eight cities surveyed with only the City of Boise retaining its golf course operations as part of that city's general fund.

- Enterprise funds are the preferred financial vehicle for managing golf course financial operations regardless of the operating model or models used in administering golf course operations.

- Golf enterprise fund budgets incorporate golf course operating revenues and expenditures, capital improvement expenditures and debt service expenses, if applicable.

- Enterprise funds are generally charged the costs of city administrative overhead for services or costs such as accounting, financial management, personal services, insurance and utility costs. These indirect costs are identified as a budgetary expenditure and reimbursed to the city's general fund from revenues generated from golf course operations.

- Excess revenues generated from golf course operations are retained in the enterprise fund and identified as a beginning fund balance each year.

Seven of the eight cities surveyed reported golf course operations as self-supporting with their golf enterprise funds covering total costs for golf course operations, including administrative overhead, without any additional support from the city's general fund. The only exception to this finding is in Albuquerque, New Mexico, due to a one-time general fund capital improvement funding contribution in 2014 for golf course improvements authorized with the anticipation that the golf course operation will sustain itself in the future.

2. A VARIETY OF MANAGEMENT, MARKETING, MAINTENANCE AND PROGRAMMATIC STRATEGIES HAVE INCREASED THE EFFECTIVENESS OF GOLF COURSE OPERATIONS.

A variety of management, marketing, maintenance and programmatic strategies were identified as contributing to the success of golf course operations in the cities surveyed. The following sections present findings categorized as management, marketing, maintenance and capital improvement and programming strategies.

(1) A Strong Business Model Was Identified as the Overriding Management Strategy for Golf Course Operation Success.

The study identified a number of key management strategies currently being used to manage municipal golf course operations. These incorporated elements of a business model, even when the golf courses are operated by a governmental agency. Business-oriented strategies ranging from flexibility in managing personnel to flexibility in establishing fee schedules and the use of state-of-the-art technology were identified. The following presents the key management strategies identified:

- The ability to assign and use personnel in multiple capacities is an effective means of controlling personnel costs while saving time and maximizing service level efficiency. For example, the City of Portland broadened the scope of golf maintenance personnel job descriptions to allow for the performance of tasks such as plumbing and electrical work, which would otherwise require a work request, scheduling resources from another maintenance division to complete the work, and result in unnecessary delays and potential disruption to golf course use. The City of Denver has the flexibility to transfer Pro Shop personnel to assist in food and beverage operations assigning them when busy times demand additional staffing in food and beverage services. Having the flexibility in assigning golf course personnel provides opportunities to address problem areas without delay, decrease costs, and maximize customer service.

- Allowing for the “dynamic pricing” of green fees, tournaments and other services based on current market demand maximizes the revenue generating potential of golf course operations. Examples of “dynamic pricing” might include:

  - Lowering prices to fill tee times during slow periods of the day.

  - Increasing fees when the demand is at its greatest.

  - Offering second-round fee discounts.

  - Differentiating golf fees based on the unique features of individual courses rather than offering the same fee schedule for all courses.

- Offering combination packages that include golf, cart and food service, for one fee.

- Developing tourist-oriented playing opportunities with nearby hotels.

- Creating incentives such as discount play cards, loyalty programs, senior, super senior, and military passes.

- Creating weekly or monthly online “specials” or coupons promoted designed to attract new players.

• Having the flexibility to make these management decisions without being constrained by the parameters of an established fee schedule or the requirement to obtain Council authorization for each fee adjustment provides opportunities for more effective marketing strategies, increasing play and generating added revenues.

• Incorporating technology systems such as online tee time reservation systems and “Point of Sale” technology increases the effectiveness and efficiency of pro shop and retail sales operations, increases marketing potential and collecting data for use in future planning. For example, obtaining patron email addresses as part of the tee time reservation system or point of sale process provides the golf course with a database of customers for ongoing promotion and marketing efforts, thus creating the potential for greater revenue generation.

• Establishing the USGA and PGA of America joint initiative, TEE IT FORWARD, to encourage players to play from a set of tees that is most suited to their driving distance will improve pace of play, increase positive golf experiences for the golfer and increase overall customer service. As pace-of-play is one of the most often-cited complaint of golfers, this is an important step in mitigating golfer frustration.

• The ability to temporarily assign maintenance personnel to other related maintenance functions during slow winter months maximizes personnel use and decreases the cost of golf course operations. For example, the City of Denver assigns golf course maintenance personnel to snow removal maintenance activities at the airport when these personnel cannot be utilized for maintenance activities at the golf courses.

• In golf operations including multiple courses, the provision of centralized tournament services for private clients and groups ensures consistency in tournament fee revenue, offers multiple tournament opportunities to clients, provides opportunities to maximize tournament schedules at all courses, and eliminates inter-golf course competition while maximizing revenue potential.

The implementation of flexible management strategies in golf course operations increases the potential for maximizing the effectiveness of existing personnel resources, increases the potential for generating greater revenues and provides opportunities to increase player participation.

The City of Sacramento provides an excellent example of the how using the business model in the operation of golf courses and outsourcing golf operations to a private concessionaire successfully turned the golf operation into a revenue producing enterprise for the city.

As a result of the economic downturn in the 1990's, the City decided it no longer wanted to be in the golf business, but wanted to offer a quality golf experience to its citizens. The city contracted with a concessionaire to operate the city's five courses, provide maintenance service and make needed capital improvements to the courses. The concessionaire was able to cut personnel and maintenance costs while improving marketing and overall customer service. As a result, the golf courses have transitioned from mediocre municipal courses to excellent beginner/First Tee and championship level premier courses. The development of extensive retail and club fitting operations along with state of the art lesson and training facilities have made Sacramento golf courses a destination for golfers throughout Northern California. The City now generates significant revenues from its golf course operations.

(2) Marketing Golf Courses to the Public Requires Engaging Five Generations that Communicate in Five Different Ways.

Successful golf course marketing efforts must incorporate a variety of marketing strategies to appeal to multiple age groups, diverse interest groups, individual skill levels, varying levels of technology use and economic capacity. A number of effective strategies were identified by those cities in the study to engage the public in the game of golf.

- Effective marketing begins with the agency defining a clear vision, mission and direction for its golf course operation. This effort creates a platform from which a marketing strategy that engages new golfers as well as maintains interest among returning players can be designed.

- The most effective public golf course websites are independent of the city's general website, but have prominent links from the city's site. Often, golf course information is embedded in a city department's website pages and listed in a variety of areas that require dedicated searching on the part of the user to obtain information about the courses, tee time reservations and the programs and services offered at the golf course. Effective golf course websites can be created for each individual golf course, or a single website can be designed for multiple courses with an individual page for each golf course. Comprehensive golf course websites engage the user by including basic course information, online tee time reservation systems, descriptions of course facilities and amenities, detailed information about lessons, tournament play registration, participation in player associations and upcoming special events. These websites are easily accessible golfers and are regularly updated. The cities of Wichita, Kansas (www.golfwichita.com) and Denver, Colorado (www.denvergolf.com) offer excellent examples of websites that effectively engage the user and promote golf course opportunities.

- Using search engine optimization is a critical marketing tool that ensures websites receive maximum visibility and increased visitors. For example, the City of Wichita, Kansas utilizes search engine optimization to ensure that the golf course website is highly visible when someone searchers online for golf courses in the Wichita area.

- Differentiating the unique features of each course on websites and in print advertising, media and social media is an effective marketing strategy that engages the potential customer in making a decision regarding the right golfing experience for the individual golfer. For example, in the City of Sacramento the Hagen Oaks Golf Complex Makenzie Course is marketed as a premier championship course with a state-of-the-art super store, club fitting service, performance studio and instructional academy while the William Land Park course is promoted as a golf learning center and excellent course for families and junior players.

- Implementing "Point of Sale" and online tee reservation systems generate a customer database from which regular e-mail "blasts" about golf course programs and services, special offers, tournament opportunities and new features can alert customers as to current activities and encourage increased participation. Online tee reservation systems provide opportunities to send e-mail notifications to daily customers regarding changes in course or weather conditions, current status of play and to solicit customer feedback on their golf experience which can be used in evaluating overall golf course operations.

- “Dynamic pricing” strategies as described in the management strategies section also provide an excellent base for marketing a particular course and its current special offerings on the website and in e-mail newsletters or “blasts” that drive increased tee time reservations, fill unused tee times during slow periods and increase revenues.

- The use of social media outlets such as Twitter, Facebook, Pinterest and others, has been successful in connecting with current and potential customers, providing up-to-date course photos and information, driving website access and linking players to the online tee time reservation system. For example, the City of Denver utilized Pinterest to create a “12 Days of Christmas” board that posted golf-related facts and information, suggested gift ideas available for purchase from the pro shops, promoted gift cards and annual membership opportunities and shared fun golf-related craft ideas as strategies for marketing its golf courses during a time that golf play was minimal due to seasonal conditions.

- Improved signage, billboards, newspaper and magazine advertising, radio and TV spots, electronic or print newsletters and course brochures should continue to be utilized as effective marketing strategies for golf course operations.

Incorporating a variety of marketing strategies is considered a high priority in the operation of golf courses. Ensuring that the golf course operator initially identifies a clear vision, mission and direction for its golf course operation and develops a variety of marketing strategies that reach the diverse clientele groups with varying communication styles are keys to effective golf course operations.

(3) Golf Course Condition Was Identified as a Key Element For Success In Golf Operations.

Golf course maintenance and capital improvements have a significant impact on the perceived value and overall success of golf course operations and result in increased revenue generation and player retention. Well-maintained golf courses with quality golf-related amenities result in positive golf experiences for the customer and create the perception that the experience was a good value for the price paid. Capital improvement projects are also key elements in ensuring quality course conditions and providing the amenities that attract and retain golfers to courses. Quality golf course maintenance and capital improvements play a significant role in formulating the perceived value of the golf experience and bring returning golfers and attract new players to the courses. The following points present maintenance and capital improvement strategies that support successful golf course operations:

- The development and implementation of system-wide course maintenance standards that result in consistent course conditions and contribute to a quality golf experience are critical to effective golf course maintenance operations.

- Current and well-maintained equipment is important to the efficient delivery of maintenance services and the delivery of a quality golf course product to the consumer.

- Improvements to course irrigation systems were identified as a key capital improvement project that significantly improve the overall conditions of the course, potentially decrease water costs and are critical to providing quality maintenance operations.

- Tee box renovation projects that adjust tees forward have positively impacted pace of play courses.

- Adding or upgrading golf course amenities such as food and beverage facilities, new or remodeled clubhouse projects, the addition of lights to driving range facilities, and the development of golf learning centers are all identified as important golf course capital improvement projects that impact golf course use and add to the revenue stream. For example, after Denver replaced an old clubhouse at a course that was fourth on the revenue-production list, the course became the top revenue producer in the system. Proposed driving range improvements in Wichita are projected to generate an additional $50,000 annually to the golf revenue stream with a minimal city investment.

Quality maintenance operations and capital improvement investments in golf courses significantly add to the “perceived value” of a golf course resulting in increased play, new players, increased revenue generation, and returning customers.

(4) Creating a Variety of Programming Strategies that Meet the Needs and Interests of Golfers Contributes to the Overall Success of Golf Course Operations.

All of the surveyed golf course operations provide a wide range of private and group lessons, camps, leagues for youth, adults and seniors, men's and women's player groups, family golf events, and tournaments. In addition, a variety of standard daily and seasonal options are available to players including Twilight and Super Twilight, along with mid-week and weekend play. The following points present a summary of expanded and alternative programming strategies that have been effectively incorporated in golf course operations:

- Dedicated course, driving range, and practice area time have been allocated to the First Tee program which provides excellent opportunities to grow the game of golf for the future.

- Learning Centers that offer opportunities for skill development for children and adults generally include driving ranges, putting, chipping, sand, and short game practice areas, three to six-hole practice courses, and a full range of private and group lesson opportunities. These offer excellent programming venues for lessons, children's camps, and intensive clinics. For example, the City of Albuquerque recently opened a new Golf Learning Center adjacent to the Albuquerque International Balloon Museum that includes a lighted driving range with 35 tee boxes, short game practice area and a six-hole pitch and putt course. The Golf Center offers children's programs that include golf camps, half-price Pitch & Putt rounds, and hole-in-one and longest drive competitions for all age groups and skill levels.

- Foot Golf open play and leagues (a new nationally recognized sport that combines soccer and golf by kicking a soccer ball down the fairway using the rules of golf) are being offered as a new golf program experience with tee times set aside for play during the week and on weekends. Foot Golf is played on an existing course modified with a second set of golf holes that accommodate a soccer ball. The cities of Wichita and Sacramento have established active Foot Golf open play and competitive leagues and are generating added golf course use and revenues from this alternative programs.

- Golf courses transform into Cross Country ski trails during winter months as an alternative use for the site when golf courses are typically closed.

- Alternative programs that supplement existing operations and increase the use of clubhouses and golf amenities during non-peak use times or are not in use for golf related programs include using the facilities for yoga and fitness centers, child care services, disc golf, and driving range skills challenges.

- Food and beverage operations that provide meeting and banquet facilities catering to large meetings, weddings and other non-golf related events increase awareness and often represent a major revenue generator for golf course operations.

Adding programs to existing golf course operations and creating alternative programming opportunities for implementation when the course facilities are not being used for golf add to the recreational experience for citizens and maximize the use of golf facilities during non-use times. These alternative uses add new dimensions to the golf experience.

3. THE STUDY IDENTIFIED FIVE KEY ELEMENTS FOR SUCCESSFUL GOLF COURSE OPERATIONS.

A variety of management, marketing, maintenance and capital improvement and programming strategies have been identified in the studies that can increase the overall effectiveness of golf course operation in a community. Effective golf course operations require that all of these strategies be taken into consideration, evaluated for their applicability, and incorporated in the current and long-range golf course planning processes. Of these strategies, there are five findings that summarize the key elements for successful golf course operations:

- Selecting and negotiating an operating model that best fits the existing circumstances in the City's golf course operation maximizes potential revenues and sustains the golf operation with no general fund support is the initial key element for success. If the selected operating model includes an outside contractor, establishing a positive working relationship with the contractor is critically important to the overall success of the operation.

- Operating golf courses using a business model that provides the flexibility to administer the golf course operation as a business, making key management decisions in a timely manner, incorporating state of the art technology, using business-oriented strategies such as dynamic pricing and the ability to deploy personnel efficiently leads to success in golf course operations.

- Creating a perception of value for the cost for the player based on effective customer service, improved course amenities, consistent maintenance operations and pace of play are key elements to the success of a golf course from the player's perspective.

- Effectively implementing a marketing strategy that engages five generations who communicate in five different ways is critical to the success of golf course operations.

- Maintaining and improving golf courses through regular capital improvements have a significant impact on the perceived value and overall success of golf course operations and contribute to increased revenue generation and player retention and satisfaction.

This Golf Fund comparative analysis has identified five models for golf course operations and has provided strategies for best practices in managing and operating golf courses, based on the experiences of selected municipalities, to assist Salt Lake City in making decisions about the future direction of its Golf Fund.

7. CONCLUSIONS

The project team conducted a detailed financial analysis of each golf course in the City's Golf Fund and determined that although each offers a unique set of attributes and a different experience to golfers, collectively they have been accumulating deficits for a number of years, and are unlikely to return to profitability in the near future. Specifically, based on current revenue and expenditure trends on a course-by-course basis, the Fund is expected to lose $300,000 in the current fiscal year, and slightly over $1,000,000 by fiscal year 2020. These losses are the results of a confluence of economic and demographic factors, including increased competition for golfers, declining local and national interest in golf as a preferred form of recreation, national economic trends and deferred capital investment in the City's courses.

The City Council engaged the Matrix Consulting Group to analyze the financial situation of the Golf Fund and to offer solutions for its long-term financial sustainability. In meeting this objective, the project team referred to the City Council's *Guiding Policy Principles for Changes to the Golf Enterprise Fund*, as stated in August 2014, and re-printed in Appendix A of this report. There are 16 such principles stated in the Policy, however several were most pertinent to this financial analysis, and are provided below:

- The status quo is not financially sustainable.
- The Golf Fund should be self-sustaining and without general fund subsidy.
- 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.
- The increase in the number of golf courses in the past 25 years relative to the number of golfers makes it difficult to improve the financial position of the Fund.

- It is possible that reducing the number of golf courses may improve the overall financial sustainability of the region's golf market.

- Commercial development on open space should be avoided wherever possible.

- Individual courses will be evaluated based upon…rate of change of rounds (growth or decline) and revenue per round.

Given these guiding principles, the project team analyzed the financial impacts of course closures on the overall stability of the Golf Fund. The project team's analyses considered the Golf Fund operating budget only. Funding capital improvements would require not only reducing operating deficits, but would also require that the Fund generate profits, receiving a General Fund subsidy, donations, or other revenue source. The analysis found that, although no single course closure returns the Fund to financial solvency, certain combinations of closures are projected to do so. The only scenario that achieves a net profit over the five-year planning horizon is the closure of the Glendale, Rose Park and Wingpointe courses.

Concurrent with the financial analysis, the project team also conducted eight case studies of golf operations in other cities across the country. The cities each operate profitable municipal courses under a variety of management structures. The interviews conducted by the project team with staff members in these eight cities identified several initiatives that they implemented that they believe are the primary reasons for their individual financial success. These included the following:

- Selecting and negotiating an operating model that best fits the existing circumstances in the city's golf course operation.

- Operating golf courses using a business model that provides the flexibility to administer the golf course operation as a business.

- Creating a perception of value for the cost for the player based on effective customer service, improved course amenities, consistent maintenance operations and pace of play.
- Effectively implementing a marketing strategy that engages five generations who communicate in five different ways is critical to the success of golf courses.
- Maintaining and improving courses through regular capital investment.

The case studies revealed that the City of Sacramento experienced deficits in its golf operations for several years in the 1990s, and turned to a professional golf course management firm in order to both continue to provide residents with golfing alternatives, and to reverse its financial decline. The project team believes that this finding has relevance to Salt Lake City. Specifically, although our financial analysis indicates that the City's Golf Fund would eliminate its deficits through the closures of certain courses, the analysis also assumes that the current management can, and would, maintain this profitable position through the implementation of management techniques that it has implemented in the past. And although it is not possible to isolate the factors that have led to the current deficits, it is also true that a reliance on techniques that have not reversed the negative financial trends of the past decade risk a further decline in the financial position of the City's Golf Fund going forward.

Given the situation of declining play at the City's courses, the reality of the FAA's mandate that the Golf Fund compensate the Airport for the continued operation of the Wingpointe course, and the positive results experienced by the City of Sacramento in its contractual golf management relationship over the past 20 years, the project team recommends that the City close the Wingpointe Golf Course. The project team further recommends that the City enter into a contract with a professional golf course management firm to make decisions related to which courses can be operated profitably. This firm should be charged with making critical decisions, in concert with the City, regarding the most financially feasible capital investments at those courses that remain open.

APPENDIX A

SALT LAKE CITY COUNCIL GUIDING POLICY PRINCIPLES FOR CHANGES TO THE GOLF ENTERPRISE FUND

(Adopted August 1, 2014)

1. Make decisions based on the best interest of Salt Lake City residents.
2. The status quo is not financially sustainable.
3. The Golf Fund should be self-sustaining and without general fund subsidy.
4. 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.
5. All City courses are valuable and serve a distinct clientele and niche in the market. All have the potential to draw more customers as there are no courses that are 100% utilized.
6. The increase in the number of golf courses in the past 25 years relative to the number of golfers makes it difficult to significantly improve the financial position of the Golf Fund.
7. Oversupply puts downward pressure on pricing for all golf courses in the market.
8. It is possible that reducing the number of golf courses may improve the overall financial sustainability of the region's golf market.
9. Neighborhood quality of life is enhanced by adjacent open space, regardless of use, and therefore should be protected.
10. Commercial development on open space should be avoided wherever possible.
11. It is the fiduciary responsibility of the City Council to provide guidance to solve the Golf Fund's long term financial problems.
12. Any re-purposing of golf courses should add value for the neighborhood and its residents, and benefit residents through high quality amenities.
13. All solutions for the Golf Fund's financial issues will be evaluated on a ten-year basis.
14. Individual courses will be evaluated based on the following criteria:
   - Rate of change of rounds (growth or decline)
   - Revenue per round.
15. Investigate innovative financing and zoning to support economic development and revenue generation adjacent to golf courses.
16. Funds generated through the $1 per round CIP

APPENDIX B

PROFILE OF PARTICIPATING GOLF FUND COMPARISON CITIES

City	Population	# of Sites	Annual Rounds	18 Hole	9 Hole	Learning Centers	Enterprise Fund	Food and Beverage Operations	Operating Models
Albuquerque	887,077	5	228,447	3	5	1	Yes	Yes	City Operation Model
Boise	214,237	2	70,000	2			Yes	Yes	City Operation Model
Denver	634,265	8	360,000	6	3	1	Yes	Yes	City Operation Model
Lincoln	268,738	5		4	1	1	Yes	Yes	City Operation Model
Portland	609,456	6	237,472	5	1	1	Yes	Yes	City Operation Model Concession Model Management Agreement Model Operating Lease Model
Sacramento	479,686	4	260,000	5	1	1	Yes	Yes	Concession Agreement Model
St. Paul	294,873	3		3	1		Yes	Yes	City Operation Model Management Agreement
Wichita	386,562	5	173,000	5			Yes	Yes	City Operation Model

APPENDIX C

DESCRIPTION OF OPERATING MODELS

Operating Models	Description	Contractor Responsibilities	City Responsibilities
City Operation Model	The city administers golf course operations in-house using full-time and seasonal part-time city employees to maintain and operate the courses.	• City may contract with outside concessionaires to provide specific elements of the operation such as food and beverage services. (See Concession Agreement section)	• Provides day to day operations of course including maintenance and golf course amenities. • Retains control over all policies and decisions • Operation staffed by city employees • Responsible for all operating funds including administrative overhead costs and capital improvement funds • Receives all revenues generated from the golf course operation
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.	• Responsible for daily operations of selected services • Responsible for all operating costs • Responsible for hiring and training personnel • Retains all revenues generated from the operation • May be responsible for golf course maintenance	• Depending on services contracted city may retain substantial responsibility for portions of the golf course operation • Responsibility for capital improvements • Receives minimum rental payment and a percentage of gross revenues • Retains control over fees and operating policies • Retains control over budget • Maintains contract compliance

Description of Operating Models			
Operational Models	**Description**	**Contractor Responsibilities**	**City Responsibilities**
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.	• Provides professional management services • Responsible for daily operations • Responsible for hiring and training personnel • Responsible for human resource functions, procurement, marketing • Prepares annual operating budget • Collects and accounts for all revenues • Responsible for all operating expenses	• Retains greatest control over operating decisions • Provides city greatest potential for revenue • Allows for most input from city • Retains all revenues • Reimburses the management firm for personnel costs and direct expenses • Pays firm a fixed management fee plus a predetermined percentage of revenues based on performance targets • Retains responsibility for maintenance and capital improvements of the golf courses • Retains control over budget • Maintains reserve fund for capital improvements • 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.	• Responsible for course maintenance • Responsible for daily golf operations • Responsible for all capital improvements to the facilities • Contributes to a capital improvement reserve fund • Retains revenues generated from operations • Provides all maintenance equipment, clubhouse furnishings and licenses • Reserves right to raise fees • Can reduce service levels • Bears financial risk	• Removes city from daily operations • Receives rental payment from the lessee • Retains least control over golf course operations • Provides least amount of revenue

Description of Operating Models			
Operational Models	**Description**	**Contractor Responsibilities**	**City Responsibilities**
Hybrid Model	The city creates a model consisting of some combination of city operations, concessionaire agreements, management agreements and/or maintenance contracts to manage and administer golf courses operations.	• Varies depending on components of agreement • Most common hybrid model includes a concession agreement for golf course operations.	• Varies depending on components of agreement • Most common hybrid model include city retention of golf course maintenance responsibilities

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Prioritization of Golf CIP Needs

Main Reason	Total w/o ESCO Apr 2014	Years 0 - 2	Years 3 - 5	Years 6 - 10	Years 11 - 20	Years TBD	Total of All Years
Asset preserv							
Bonneville							
Cart Path - repair and installation	182,800	182,800	-	-	-	-	182,800
Irrigation System	-	-	-	-	-	-	-
Irrigation system efficiency	-	-	-	-	-	-	-
Bonneville Total	**182,800**	**182,800**	**-**	**-**	**-**	**-**	**182,800**
Forest Dale							
Clubhouse Restroom/Pro Shop Counter	60,900	-	-	60,900	-	-	60,900
Greens, Bunker rebuild / Upgrade, Drair	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
Forest Dale Total	**1,274,100**	**100,000**	**-**	**182,700**	**991,400**	**-**	**1,274,100**
Glendale							
Cart Path - repair and installation	182,800	-	-	182,800	-	-	182,800
Clubhouse Restroom/Pro Shop Counter	30,900	-	-	30,900	-	-	30,900
Lake Bank Stabilization	-	-	-	-	-	-	-
Glendale Total	**213,700**	**-**	**-**	**213,700**	**-**	**-**	**213,700**
Mountain Dell							
Cart Path - repair and installation	182,800	-	-	182,800	-	-	182,800
Clubhouse Infrastructure Improvements	243,700	243,700	-	-	-	-	243,700
Clubhouse Restroom/Pro Shop Counter	60,900	-	-	60,900	-	-	60,900
Irrigation Control Replacement	243,700	-	-	243,700	-	-	243,700
Irrigation System - Canyon Course ($2,5	-	-	-	-	-	-	-
Irrigation System - Lake Course ($2,500	-	-	-	-	-	-	-
Practice Tee & Range Improvements	121,800	-	121,800	-	-	-	121,800
Pro Shop Counter	-	-	-	-	-	-	-
Mountain Dell Total	**852,900**	**243,700**	**121,800**	**487,400**	**-**	**-**	**852,900**
Nibley							
Cart Path - repair and installation	60,900	-	-	60,900	-	-	60,900
Clubhouse Restroom/Pro Shop Counter	100,900	-	-	100,900	-	-	100,900
Irrigation System	1,496,600	1,496,600	-	-	-	-	1,496,600
Lake Bank Stabilization	91,400	-	-	-	91,400	-	91,400
Perimeter Fencing Improvements, Entry	151,800	151,800	-	-	-	-	151,800
Piping of Streams through Fairway Corr	30,500	30,500	-	-	-	-	30,500
Nibley Total	**1,932,100**	**1,678,900**	**-**	**161,800**	**91,400**	**-**	**1,932,100**
Rose Park							

Note: Data represents best information available as of 6-2014

Prioritization of Golf CIP Needs

Main Reason	Total w/o ESCO Apr 2014	Years 0 - 2	Years 3 - 5	Years 6 - 10	Years 11 - 20	Years TBD	Total of All Years
Cart Path - repair and installation	182,800	-	-	182,800	-	-	182,800
Irrigation System Imprvmts (not complet	1,096,600	-	1,096,600	-	-	-	1,096,600
Rose Park Total	**1,279,400**	**-**	**1,096,600**	**182,800**	**-**	**-**	**1,279,400**
Wingpointe							
Cart Path - repair and installation	121,800	-	-	121,800	-	-	121,800
Clubhouse Restroom Improvements	30,500	-	-	30,500	-	-	30,500
Clubhouse Roof and Siding Improveme	91,400	91,400	-	-	-	-	91,400
Lake Bank Stabilization	152,300	-	-	-	-	152,300	152,300
Lake fountains	-	-	-	-	-	-	-
Wingpointe Total	**396,000**	**91,400**	**-**	**152,300**	**-**	**152,300**	**396,000**
Financial							
Bonneville							
3 New Holes (Dependent on Driving Ra	1,218,400	-	-	-	-	1,218,400	1,218,400
Clubhouse - U of U partnership	-	-	-	-	-	-	-
Clubhouse - UGA and Utah PGA partne	-	-	-	-	-	-	-
Clubhouse (including banquet space)	2,680,500	-	2,680,500	-	-	-	2,680,500
Driving Range & Short Game Areas	609,200	609,200	-	-	-	-	609,200
Entrance Road (new) & Parking Lot Imp	504,600	-	-	-	-	504,600	504,600
Food & Beverage on course (dependen	182,760	-	182,760	-	-	-	182,760
Master Plan	40,000	40,000	-	-	-	-	40,000
Secondary water - Pilot well only	-	-	-	-	-	-	-
Secondary water project (Pumps, Wells	2,300,000	2,300,000	-	-	-	-	2,300,000
Tee/Green/Bunker Improvements, Perir	1,827,600	1,827,600	-	-	-	-	1,827,600
Restrooms on-course (#2/#4#11/#17 an	182,800	182,800	-	-	-	-	182,800
Bonneville Total	**9,545,860**	**4,959,600**	**2,863,260**	**-**	**-**	**1,723,000**	**9,545,860**
Forest Dale							
Piping of Drainage Streams through Fai	91,400	91,400	-	-	-	-	91,400
Practice Hitting Net	30,500	-	-	-	-	30,500	30,500
Restroom on course (#4/#6)	91,400	-	-	-	91,400	-	91,400
Secondary water project (Pumps, Wells	1,161,267	-	-	-	-	1,161,267	1,161,267
Forest Dale Total	**1,374,567**	**91,400**	**-**	**-**	**91,400**	**1,191,767**	**1,374,567**
Glendale							
Banquet Pavilion	213,200	213,200	-	-	-	-	213,200
Ladies Tee Addition, Bunker Renovatior	121,800	121,800	-	-	-	-	121,800
Master Plan - predicated upon course cl	22,000	22,000	-	-	-	-	22,000
Secondary water project (Pumps, Wells	-	-	-	-	-	-	-
Restroom on-course (#7/#12)	91,400	91,400	-	-	-	-	91,400

Note: Data represents best information available as of 6-2014

Prioritization of Golf CIP Needs

Main Reason	Total w/o ESCO Apr 2014	Years 0 - 2	Years 3 - 5	Years 6 - 10	Years 11 - 20	Years TBD	Total of All Years
Glendale Total	**448,400**	**448,400**	**-**	**-**	**-**	**-**	**448,400**
Mountain Dell							
Canyon:12,14,15 / Lake: Retaining Wall	609,200	-	609,200	-	-	-	609,200
Patio Deck Extension, Clubhouse renov	493,700	493,700	-	-	-	-	493,700
Tee Leveling and Ladies Tee Addition	304,600	304,600	-	-	-	-	304,600
Mountain Dell Total	**1,407,500**	**798,300**	**609,200**	**-**	**-**	**-**	**1,407,500**
Nibley							
Batting Cages ($200,000 estim)	-	-	-	-	-	-	-
Miniature Golf Course ($650,000 projec	-	-	-	-	-	-	-
Mobile Office Building Retrofit for SLC G	50,000	50,000	-	-	-	-	50,000
Range Tee, Fence, related Improvemer	365,500	365,500	-	-	-	-	365,500
Secondary water project (Pumps, Wells	1,268,736	-	-	-	-	1,268,736	1,268,736
Short Game Practice Area, additional pu	100,900	100,900	-	-	-	-	100,900
Restroom on-course (#3/#7)	91,400	-	-	-	91,400	-	91,400
Nibley Total	**1,876,536**	**516,400**	**-**	**-**	**91,400**	**1,268,736**	**1,876,536**
Rose Park							
Banquet Pavilion ($175,000 estim)	-	-	-	-	-	-	-
Clubhouse Improvements and Cart Stor	304,600	-	-	-	304,600	-	304,600
Ladies Tee Addition on Select Holes, Bu	304,600	-	304,600	-	-	-	304,600
Master Plan - predicated upon course cl	40,000	40,000	-	-	-	-	40,000
Range Improvements	-	-	-	-	-	-	-
Restroom on course (#14/#16)	-	-	-	-	-	-	-
Restroom On-Course (#5/#9)	91,400	-	-	-	91,400	-	91,400
Secondary water project (Pumps, Wells	-	-	-	-	-	-	-
Rose Park Total	**740,600**	**40,000**	**304,600**	**-**	**396,000**	**-**	**740,600**
Various							
Audit of energy projects	-	-	-	-	-	-	-
Development & PA setup	-	-	-	-	-	-	-
Lighting	-	-	-	-	-	-	-
Measurement & Verification (M&V)	-	-	-	-	-	-	-
Project Management (PM)	-	-	-	-	-	-	-
Revenue loss during construction	-	-	-	-	-	-	-
Warranty	-	-	-	-	-	-	-
Various Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Wingpointe							
All projects removed if course closed - E	-	-	-	-	-	-	-
Café Sliding Glass Doors, Wind Breaks	60,900	-	-	-	-	60,900	60,900

Note: Data represents best information available as of 6-2014

DRAFT - DISCUSSION PURPOSES ONLY

Prioritization of Golf CIP Needs

Main Reason	Total w/o ESCO Apr 2014	Years 0 - 2	Years 3 - 5	Years 6 - 10	Years 11 - 20	Years TBD	Total of All Years
Secondary water project (Pumps, Wells	2,500,000	-	-	-	-	2,500,000	2,500,000
Shelters on course (#6 and #16)	30,500	-	-	-	-	30,500	30,500
All projects removed - Financial	-	-	-	-	-	-	-
All projects removed - Asset preserv	-	-	-	-	-	-	-
Wingpointe Total	**2,591,400**	**-**	**-**	**-**	**-**	**2,591,400**	**2,591,400**
Safety							
Bonneville							
Maintenance Facility Relocation & imprc	731,000	731,000	-	-	-	-	731,000
Bonneville Total	**731,000**	**731,000**	**-**	**-**	**-**	**-**	**731,000**
Forest Dale							
Cart Path - repair and installation	121,800	-	121,800	-	-	-	121,800
Maintnc Bldg Imprvmts, Wash Bays, Sa	182,800	-	-	182,800	-	-	182,800
Forest Dale Total	**304,600**	**-**	**121,800**	**182,800**	**-**	**-**	**304,600**
Glendale							
Maintnc Bldg imprvmts, Wash Bays, Pe	182,800	-	182,800	-	-	-	182,800
Range Fence Repairs	-	-	-	-	-	-	-
Glendale Total	**182,800**	**-**	**182,800**	**-**	**-**	**-**	**182,800**
Mountain Dell							
Maint Bldg Imprvmts, Wash Bays, Sand	731,000	-	731,000	-	-	-	731,000
Mountain Dell Total	**731,000**	**-**	**731,000**	**-**	**-**	**-**	**731,000**
Nibley							
Maintnc Bldg Imprvmts, Wash Bays, Sa	182,800	-	182,800	-	-	-	182,800
Nibley Total	**182,800**	**-**	**182,800**	**-**	**-**	**-**	**182,800**
Rose Park							
Maintnc Bldg Imprvmts, Wash Bays, Sa	304,600	-	-	304,600	-	-	304,600
Rose Park Total	**304,600**	**-**	**-**	**304,600**	**-**	**-**	**304,600**
Wingpointe							
Maintnc Bldg Imprvmts, Wash Bays, Sa	121,800	-	-	121,800	-	-	121,800
Wingpointe Total	**121,800**	**-**	**-**	**121,800**	**-**	**-**	**121,800**
Grand Total	**26,674,463**	**9,881,900**	**6,213,860**	**1,989,900**	**1,661,600**	**6,927,203**	**26,674,463**

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5. Mountain Dell GC (revenue enhancement opportunities)
6. Forest Dale GC (golf course upgrades needed)
7. Wingpointe GC (if remain open as golf course – also this is a newer facility with lower overall capital needs).

Highest Priority by Item

Below is the NGFC recommended list of the highest priority items for the full SLC Golf Division. This list is based on the above-noted list of facility priorities, as well as the highest priority items in the system. The priority of NGFC improvements by project:

1. All actions to improve irrigation efficiency, add non-managed turf ("native") areas and reduce water use and associated costs
2. Full Bonneville golf course renovation
3. Rose Park / Jordan River reconfiguration (if City elects to retain golf at this site)
4. Maintenance facility upgrades at Glendale
5. Maintenance facility upgrades at Forest Dale
6. New tournament pavilion at Glendale
7. Range expansion / golf course reconfiguration at Nibley Park

NGFC estimated total expense of these highest priority items is as shown below:

Salt Lake City Golf System NGFC Recommended Highest Priority Items		
	Low Estimate	**High Estimate**
Bonneville (golf course renovation)	$6,350,000	$7,065,000
R. Park/J. River (golf course reconfiguration)	$2,630,000	$3,160,000
Nibley Park (range, golf course reconfiguration)	$490,000	$640,000
Glendale (irrigation, water, pavilion, maint. Fac.)	$315,000	$362,000
Mountain Dell (irrigation)	$295,000	$320,000
Forest Dale (irrigation, water, maint. Fac.)	$335,000	$400,000
Wingpointe (irrigation, water)	$150,000	$160,000
Total High Priority	**$10,565,000**	**$12,107,000**

Other High Priority – Lead to Increase Revenue

Below is the recommended list of other high priority items that NGFC believes will lead directly to enhanced revenue for the system, but each requires considerable investment:

1. Clubhouse renovation/addition at Mountain Dell
2. New front lawn project at Nibley Park (Public Putting Green or Mini Golf)