



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members
FROM: Karen Halladay
Budget & Policy Analyst

Project Timeline:
Briefing: May 28, 2013
Budget Hearings: May 7, 21, and June 4
Potential Action: June 11 or 18

DATE: May 28, 2013

RE: FY 2014 Budget – Golf Fund

ISSUE AT-A-GLANCE

Salt Lake City has provided golf facilities for over 80 years. The City owns and operates eight golf facilities (nine golf courses - Mountain Dell has two 18-hole golf courses) as an Enterprise Fund. Main policies that guide the division include offering an accessible, reasonably priced recreational opportunity to all sections of the golfing public; preserving open spaces in an urban setting; and promoting tourism and economic development. Golf participants pay fees that underwrite the cost of providing these services. The Council traditionally balances golf fees at a level necessary to ensure the long-term financial stability of the Golf Enterprise Fund while maintaining the golf program's competitiveness within the market. By policy, the General Fund does not subsidize the Golf Fund. However, during fiscal year 2011 the City's general fund provided \$691,195 in order to purchase 2.64 acres of property, which allowed the Rose Park golf course to expand its driving range.

The fiscal year 2013-14 proposed budget does not recommend fees increases. Green fees, including a dedicated Capital Improvements Project (CIP) fee, were last increased on January 1, 2012. The CIP fee of \$1.00 per nine-hole round of golf was implemented to address the capital needs, including deferred maintenance and capital improvement projects, of the City's golf courses. The remainder of the 2012 fee increase was to provide funding for the on-going operations costs. NOTE: In 2009, green fees were increased with an effective date of January 1, 2010. Prior to the 2010 increase, across-the-board golf fees had not been raised since 2004.

The proposed fiscal year Golf Fund General Fund budget, including Operations and Dedicated CIP includes:

- A revenue budget of \$8,708,680, which is a decrease of \$44,077 or .5% from fiscal year 2012-13.
- The expenditure budget of \$8,669,454 is projected to be \$267,383 less than the prior year. A significant portion of the decrease of \$238,383 is due to the payoff in fiscal year 2012-13 of financed maintenance equipment three years ago. The Administration proposes to use \$174,000 for operating capital needs and the remainder to fund the gap between revenues and expenditures. (See Attachment 1 – Summary of Budget Changes)
- A proposed capital budget of \$709,848:
 - **Operating Capital Budget** - \$174,000 – This budget is to fund various capital outlay needs, such as, equipment, facilities, and infrastructure for golf courses and buildings. It appears that these



- capital funds are not subject to findings of the Golf Study, Siemens Audit, and approval of the Council.
- Dedicated CIP Fund - \$270,000 – According to the Administration, this is a placeholder and is subject to findings of the Golf Study, Siemens Audit, and approval of the Council.
- Debt Service Equipment - \$265,848 – This is the debt service payment for financed golf carts.
- Department Staffing
 - The budget proposes a reduction of one seasonal FTE for a total of 88 FTEs; 40.40 full-time and 47.6 seasonal positions.

POLICY QUESTIONS

1. Golf Course Capital Projects
 - a. Dedicated CIP Fund – On January 1, 2012 a green fee increase, that included a \$1.00 per nine-hole round of golf to be dedicated to the Golf Fund capital needs at the golf courses, became effective. Since this fee was established, \$445,609 of revenue has been collected as of April 2013. The total rounds of golf for this same time period are 499,210.
 - ▶ *The Council may want to ask the Administration why the \$1 fee collected is net of sales tax, and also why all rounds of golf are not charged the \$1 Dedicated CIP fee.*
 - b. Funds Available after Debt Service – The FY 2013-14 expense budget has been reduced by \$238,383 due to the payoff of debt used to finance maintenance equipment three years ago. Another debt service payment of \$265,848 used to finance golf carts is expected to be freed up in 2014. Between the two debt payments there is over \$500,000 that could be reinvested into the golf course projects rather than be absorbed into annual operational expenses, such as personal services or materials and supplies costs. NOTE: The Administration proposes to use the available funds of \$238,383 for: Operations Capital - \$174,000 – Capital Projects (Infrastructure, Buildings, and Equipment) and Operating Expenses \$64,000 – such as personal services, material and supplies, and charges and services.
 - c. Siemens Audit and Golf Study – The Council approved funding for a couple of studies related to the Golf Fund’s current and future operations and capital needs.
 - ▶ *The Council may want to ask for an update on the status and timeline of these studies.*
2. Golf Course Updates
 - a. Jordan River Par 3 (JRP3) – During last year’s budget discussion, the Administration’s budget contemplated a policy shift for the Jordan River Par 3 (JRP3) Golf Course – possibly establishing a 5 acre free golf experience and closing the remainder of the JRP3 course, approximately 13 acres. The FY 2013-14 proposed budget includes a full year operating budget for JRP3.
 - ▶ *The Council may wish to ask for an update on the future of the Jordan River Par 3 golf course.*
 - b. Wingpointe – Recently, the Federal Aviation Administration (FAA) questioned the golf course’s arrangement for the use of the Airport land.
 - ▶ *The Council may wish to ask for an update on this matter.*

ADDITIONAL & BACKGROUND INFORMATION

A. REVENUES

1. Total Revenue and Other Sources – Overall decrease – \$44,077

Green Fees – Increase \$25,000 – The Administration has budgeted \$58,000 more than last year for the \$1 Dedicated CIP Fee; the expected total budgeted for this is \$422,000. The Administration also reduced the green fee revenue budget by \$33,000.

The FY 2013-14 estimate for rounds of golf is expected to be 435,000. This is roughly 15,000 fewer rounds than expected/budgeted for FY 2012-13.

Cart fees, driving range fees, concessions, and season pass revenue budgets are expected to decrease by \$68,650 over the prior year’s budget.

See Attachment 2 for the number of rounds played by course for FY 2001 to FY 2014 (Projected for FY 2013 and FY 2014)

► *The Council may wish to ask about marketing, advertising, and promotional efforts for Salt Lake City Golf, including program offerings and instructional programs.*

- 2. Summary Schedule of Operating Revenues and Expenses with Allocation by Golf Course – Actuals 2008-2011 and Adopted for 2012 and Proposed for 2013** – See Attachment 3 which presents the actual (FY 2008-2012), projected (FY 2013), and proposed (FY 2014) revenue and expense activity for each of the City’s golf courses. The expense line includes advertising, cash capital budget, General Fund administrative fees, debt service and Golf Division administrative overhead costs. Golf Division administrative overhead costs include golf fund management and office expenses, including supplies, accounting, information technology, insurance, and other costs of operating the Golf Division.

EXPENDITURES

1. Personal Services – Increase \$25,901 - The FY 2013-14, personnel costs, including salaries, benefits, and insurance, are proposed to be \$4,033,153.
2. Materials and Supplies- Decrease \$145,481 – A large portion of this budget reduction (\$123,140) is a result of moving a one-time budget for new golf cart batteries.
3. Water, Fuel, Maintenance, and Miscellaneous Operating Costs – Increase \$122,708 – This budget adjustment includes an increase for water of \$54,500, a potential lease associated with the FAA Wingpointe matter of \$55,000, and a new street lighting fee of \$12,744.

ATTACHMENTS:

- Attachment 1 – Summary of Budget Changes
- Attachment 2 - Rounds of Golf by Course for FY 2001 to 2014 (Estimated FY 2013 and FY 2014)
- Attachment 3 - Summary Schedule of Operating Revenues and Expenses with Allocation by Golf Course – Actuals 2008-2012 and Adopted for 2013 and Proposed for 2014
- Attachment 4 –Department Measurements

**ATTACHMENT 1
SUMMARY OF BUDGET CHANGES**

GOLF ENTERPRISE FUND					
PROPOSED BUDGET COMPARED TO PRIOR YEAR					
	Adopted	Proposed	Revenue & Expense Percentage of Total	Difference	Percent Change
	2012-13	2013-14			
Revenue & Other Sources					
Green Fees	\$ 5,090,000	\$ 5,115,000	58.7%	\$ 25,000	0.5%
Cart Rental	1,968,200	1,948,250	22.4%	(19,950)	-1.0%
Driving Range Fees	364,000	353,000	4.1%	(11,000)	-3.0%
Concessions	114,550	102,350	1.2%	(12,200)	-10.7%
Retail Sales	829,000	831,500	9.5%	2,500	0.3%
Other Golf Fees	124,085	120,235	1.4%	(3,850)	-3.1%
Advertising Fees	11,000	11,500	0.1%	500	4.5%
Interest Income	10,000	8,000	0.1%	(2,000)	-20.0%
Miscellaneous Leases/Rental Revenue	31,922	34,345	0.4%	2,423	7.6%
Season Passes	210,000	184,500	2.1%	(25,500)	-12.1%
Other/Admission Sales	0	0	0.0%	-	
Total Revenue & Other Sources	\$8,752,757	\$8,708,680	100.0%	\$ (44,077)	-0.5%
Expenses & Other Uses					
Operating & Maintenance					
Personal Services	\$ 4,007,252	\$ 4,033,153	46.5%	\$ 25,901	0.6%
Materials and Supplies	1,294,286	1,148,805	13.3%	(145,481)	-11.2%
Other (Charges/Services/Fees, Admin Service Fee, PILOT, Intradepartmental Chgs, Water, Fuel, Utilities)	2,637,696	2,760,404	31.8%	122,708	4.7%
Transfers Out	18,371	17,245	0.2%	(1,126)	-6.1%
Capital Projects: Capital Outlay and Debt Service			0.0%		
Capital Outlay	475,000	444,000	5.1%	(31,000)	-6.5%
Debt for Facilities and Irrigation	0	0	0.0%	-	
Debt for Maintenance Equipment and Golf Carts	504,232	265,847	3.1%	(238,385)	-47.3%
Total Expenses & Other Uses	\$8,936,837	\$8,669,454	100.0%	\$ (267,383)	-3.0%
Change in Net Assets	\$ (184,080)	\$ 39,226		\$ 223,306	2.5%

ATTACHMENT 2

Rounds of Golf by Course for FY 2001 to 2014 (Estimated FY 2013 and FY 2014)

NOTE: Green – Highest Rounds for Course - - Yellow – Lowest Rounds for Course

Salt Lake City Golf Courses										
Rounds of Golf Played (9 hole equivalents)										
For Fiscal Years 2001 to 2014 (Projected for FY 2013 and FY 2014)										
	Bonneville	Forest Dale	Glendale	Jordan River	Mountain Dell - Canyon	Mountain Dell - Lake	Nibley Park	Rose Park	Wingpointe	Annual Total
2001	88,921	54,959	65,905		56,985	68,082	36,514	68,328	75,450	515,144
2002	88,955	53,306	69,116		55,965	63,787	34,760	70,977	73,638	510,504
2003	86,939	54,394	74,612	12,699	53,155	60,081	31,796	73,695	72,323	519,694
2004	79,012	48,342	65,613	13,209	52,389	58,014	30,528	59,615	62,554	469,276
2005	76,832	46,887	63,694	11,854	41,168	52,209	34,400	58,033	61,284	446,361
2006	77,331	48,791	63,308	13,922	48,777	56,097	34,958	58,265	64,065	465,514
2007	79,145	49,092	65,547	11,925	50,915	57,784	33,417	57,722	65,907	471,454
2008	77,682	47,183	68,800	10,305	48,612	54,652	32,955	56,634	61,738	458,561
2009	76,841	45,768	71,242	13,160	47,145	53,948	33,893	62,313	67,575	471,885
2010	71,169	41,608	72,362	13,572	44,229	51,633	32,780	60,999	62,248	450,600
2011	70,732	38,860	62,904	10,139	93,263		29,997	50,741	56,818	413,454
2012	78,595	44,979	71,728	10,143	108,021		36,498	53,998	62,141	466,103
2013 proj	68,000	41,000	58,000	8,800	90,000		29,000	52,000	56,000	402,800
2014 proj	73,000	44,000	63,000	9,500	98,000		31,000	56,000	60,500	435,000

ATTACHMENT 3

Summary Schedule of Operating Revenues and Expenses with Allocation by Golf Course – Actuals 2008-2012 and Adopted for 2013 and Proposed for 2014

Salt Lake City Golf Enterprise Fund																
Summary Schedule of Operating Revenues and Expenses with Allocation by Golf Course																
Presented For Fiscal Years: Actuals 2008 - 2012 and Budgeted 2013 - 2014																
	FY 2008	FY 2008 % of Total	FY 2009	FY 2009 % of Total	FY 2010	FY 2010 % of Total	FY 2011	FY 2011 % of Total	FY 2012	FY 2012 % of Total	FY 2013 Adopted Budget	FY 2013 % of Total	FY 2014 Proposed Budget	FY 2014 % of Total	Total	% of Total
Information Only - Administration - Costs Allocated to Golf Courses																
Revenue	\$ 279,005		\$ 227,634		\$ 288,244		\$ 420,306		\$ 348,882		\$ (74,600)		\$ 246,800		\$ 1,736,271	
Expense (ODA - Operations, Debt & Admin Costs)	\$ 797,440		\$ 862,138		\$ 968,371		\$ 1,037,631		\$ 848,005		\$ 918,514		\$ 1,059,332		\$ 6,491,431	
Net Income after ODA	\$ (518,435)		\$ (634,504)		\$ (680,127)		\$ (617,325)		\$ (499,123)		\$ (993,114)		\$ (812,532)		\$ (4,755,160)	
Bonneville																
Revenue	\$ 1,381,978	17.7%	\$ 1,310,394	16.9%	\$ 1,273,033	17.0%	\$ 1,252,927	16.6%	\$ 1,471,298	18.0%	\$ 1,475,975	16.7%	\$ 1,466,375	16.6%	\$ 9,631,981	17.2%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 1,113,862	14.3%	\$ 1,125,593	15.2%	\$ 1,079,759	14.6%	\$ 1,196,720	15.5%	\$ 1,242,525	15.5%	\$ 1,319,170	14.6%	\$ 1,257,428	14.0%	\$ 8,335,058	14.9%
Net Income after ODA	\$ 268,116		\$ 184,801		\$ 193,274		\$ 56,207		\$ 228,773		\$ 156,805		\$ 208,947		\$ 1,296,923	
Glendale																
Revenue	\$ 1,120,146	14.3%	\$ 1,130,708	14.6%	\$ 1,161,649	15.5%	\$ 1,048,469	13.9%	\$ 1,172,343	14.4%	\$ 1,275,350	14.4%	\$ 1,195,300	13.5%	\$ 8,103,966	14.5%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 1,268,304	16.2%	\$ 1,091,763	14.7%	\$ 1,074,709	14.5%	\$ 1,126,876	14.6%	\$ 1,130,461	14.1%	\$ 1,270,853	14.1%	\$ 1,194,679	13.3%	\$ 8,157,646	14.6%
Net Income after ODA	\$ (148,158)		\$ 38,945		\$ 86,940		\$ (78,407)		\$ 41,882		\$ 4,497		\$ 621		\$ (53,680)	
Forest Dale																
Revenue	\$ 677,073	8.7%	\$ 637,635	8.2%	\$ 605,816	8.1%	\$ 582,866	7.7%	\$ 668,876	8.2%	\$ 669,920	7.6%	\$ 661,620	7.5%	\$ 4,503,806	8.0%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 524,777	6.7%	\$ 579,622	7.8%	\$ 579,384	7.8%	\$ 594,144	7.7%	\$ 619,557	7.7%	\$ 705,100	7.8%	\$ 668,455	7.4%	\$ 4,271,039	7.7%
Net Income after ODA	\$ 152,296		\$ 58,013		\$ 26,432		\$ (11,278)		\$ 49,319		\$ (35,180)		\$ (6,835)		\$ 232,767	
Mountain Dell																
Revenue	\$ 1,954,402	25.0%	\$ 1,895,441	24.4%	\$ 1,807,935	24.1%	\$ 1,804,044	23.9%	\$ 1,986,232	24.3%	\$ 2,163,100	24.5%	\$ 2,021,300	22.9%	\$ 13,632,455	24.3%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 1,706,598	21.8%	\$ 1,579,782	21.3%	\$ 1,629,612	22.0%	\$ 1,640,665	21.3%	\$ 1,782,705	22.3%	\$ 1,860,125	20.6%	\$ 1,761,518	19.5%	\$ 11,961,006	21.4%
Net Income after ODA	\$ 247,804		\$ 315,659		\$ 178,323		\$ 163,379		\$ 203,527		\$ 302,975		\$ 259,782		\$ 1,671,449	
Nibley Park																
Revenue	\$ 585,252	7.5%	\$ 560,271	7.2%	\$ 511,856	6.8%	\$ 518,266	6.9%	\$ 640,500	7.9%	\$ 659,362	7.5%	\$ 665,285	7.5%	\$ 4,140,792	7.4%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 693,052	8.9%	\$ 628,697	8.5%	\$ 646,920	8.7%	\$ 623,222	8.1%	\$ 593,971	7.4%	\$ 673,511	7.5%	\$ 654,333	7.3%	\$ 4,513,706	8.1%
Net Income after ODA	\$ (107,800)		\$ (68,426)		\$ (135,064)		\$ (104,956)		\$ 46,529		\$ (14,149)		\$ 10,952		\$ (372,914)	
Rose Park																
Revenue	\$ 869,941	11.1%	\$ 923,373	11.9%	\$ 915,998	12.2%	\$ 1,186,785	15.7%	\$ 814,006	10.0%	\$ 900,550	10.2%	\$ 821,150	9.3%	\$ 6,431,804	11.5%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 967,810	12.4%	\$ 1,051,369	14.2%	\$ 1,003,542	13.6%	\$ 1,122,188	14.6%	\$ 1,317,525	16.4%	\$ 1,395,636	15.5%	\$ 1,153,846	12.8%	\$ 8,011,917	14.4%
Net Income after ODA	\$ (97,869)		\$ (127,996)		\$ (87,544)		\$ 64,597		\$ (503,519)		\$ (495,086)		\$ (332,696)		\$ (1,580,113)	
Wingpointe																
Revenue	\$ 1,153,898	14.8%	\$ 1,211,091	15.6%	\$ 1,134,014	15.1%	\$ 1,071,611	14.2%	\$ 1,154,919	14.2%	\$ 1,239,100	14.0%	\$ 1,144,200	13.0%	\$ 8,108,834	14.5%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 1,352,294	17.3%	\$ 1,158,491	15.6%	\$ 1,192,695	16.1%	\$ 1,212,631	15.7%	\$ 1,155,116	14.4%	\$ 1,329,118	14.7%	\$ 1,274,819	14.1%	\$ 8,675,165	15.5%
Net Income after ODA	\$ (198,396)		\$ 52,600		\$ (58,681)		\$ (141,020)		\$ (197)		\$ (90,018)		\$ (130,619)		\$ (566,331)	
Jordan River																
Revenue	\$ 65,694	0.8%	\$ 86,324	1.1%	\$ 92,712	1.2%	\$ 72,957	1.0%	\$ 66,775	0.8%	\$ 80,000	0.9%	\$ 64,650	0.7%	\$ 529,112	0.9%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 187,642	2.4%	\$ 204,714	2.8%	\$ 198,697	2.7%	\$ 193,647	2.5%	\$ 169,926	2.1%	\$ 207,924	2.3%	\$ 187,578	2.1%	\$ 1,350,128	2.4%
Net Income after ODA	\$ (121,948)		\$ (118,390)		\$ (105,985)		\$ (120,690)		\$ (103,151)		\$ (127,924)		\$ (122,928)		\$ (821,016)	
Golf CIP																
Revenue	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 183,134	2.2%	\$ 364,000	4.1%	\$ 422,000	4.8%	\$ 969,134	1.7%
Expense (ODA - Operations, Debt & Admin Costs)	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 250,000	2.8%	\$ 270,000	3.0%	\$ 520,000	0.9%
Net Income after ODA	\$ -		\$ -		\$ -		\$ -		\$ 183,134		\$ 114,000		\$ 152,000		\$ 449,134	
Total Golf Fund																
Revenue	\$ 7,808,384	100.0%	\$ 7,755,237	100.0%	\$ 7,503,013	100.0%	\$ 7,537,925	100.0%	\$ 8,158,083	100.0%	\$ 8,827,357	100.0%	\$ 8,461,880	95.9%	\$ 56,051,885	100.0%
Expense (ODA - Operations, Debt & Admin Costs)	\$ 7,814,339	100.0%	\$ 7,420,031	100.0%	\$ 7,405,318	100.0%	\$ 7,710,093	100.0%	\$ 8,011,786	100.0%	\$ 9,011,437	100.0%	\$ 8,422,656	93.5%	\$ 55,795,666	100.0%
Net Income after ODA	\$ (5,955)		\$ 335,206		\$ 97,695		\$ (172,168)		\$ 146,297		\$ (184,080)		\$ 39,224		\$ 256,219	

Note: For each year, golf course revenues and expenses as a percentage of the total are presented for comparative purposes to see how each has varied by year.

ATTACHMENT 4

DEPARTMENT MEASUREMENTS

The following are some of the department measurements related to the Golf Fund provided by the Public Services Department. The measurements are taken from Salt Lake City Base Purpose Statements for FY 2011-12 to FY 2016-17.

- Track and monitor revenue per round for green fees, cart rental, driving range , and retail sales.
- Promote and track the number of youth and adult golfers participating in golf programs, events/tournaments, leagues, and associations.
- Evaluate and utilize and the EZLinks online reservation system data to understand and promote available tee times at golf courses.
- Conduct customer satisfaction surveys, which include facility and course conditions and customer service components.