



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

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TO: City Council Members

FROM: Jennifer Bruno

DATE: May 21, 2024

Item Schedule:

Briefing: May 21, 2024

Budget Hearings: May 21, June 4

Potential Action: June 11/13 (TBD)

RE: FY2025 BUDGET – GOLF ENTERPRISE FUND

MAYOR’S RECOMMENDED BUDGET PAGES:

Key Changes p. 70-71; p. 104-105; Staffing document: p. 298

ISSUE AT-A-GLANCE

The Golf Enterprise fund collects the revenue generated and pays most of the expenses associated with the activities of SLC Golf, a division of the Department of Public Lands. SLC Golf operates six golf courses, providing greens maintenance; golf clinics, camps, lessons, events; and management of retail pro shops, cafés, and cart rentals. The Golf Enterprise has 34.15 full time employees assigned to operations and relies on a number of seasonal employees as well.

The recommended expenditure budget for the Golf Fund would increase by \$1.4 million (13%) for Fiscal Year 2025, for a total of \$12.2 million, not including Capital Investment, which is budgeted separately. The recommended budget for Golf Capital Investment is \$8.2 million, which includes funds not spent in previous years (see page 6 for a list of projects). In recent years, the Golf Fund has relied on subsidies from the general fund for operational costs and debt service, which is unique among enterprise funds. This practice has allowed the fund to use the \$2 per round “CIP fee” for true capital investments rather than offsetting operational costs. The FY25 recommended budget would hold the subsidy to the Golf Fund essentially flat compared to FY 24, around \$2.1 million. (see summary chart on page 5 for detail, including indirect benefits of Golf green space justifying the investment from the general fund).

Key elements of the budget proposal include:

- Funding approximately \$8.2 million in CIP improvements, including continuing the \$2-per-9 hole-round CIP fee to help the Golf Fund catch up on years of deferred maintenance, and prioritizing investment in Rose Park irrigation infrastructure and a new driving range facility at Glendale to increase usable days in inclement weather. *Note: Several of these projects were initially funded in FY 24 and are part of the backlog of projects in the City.*



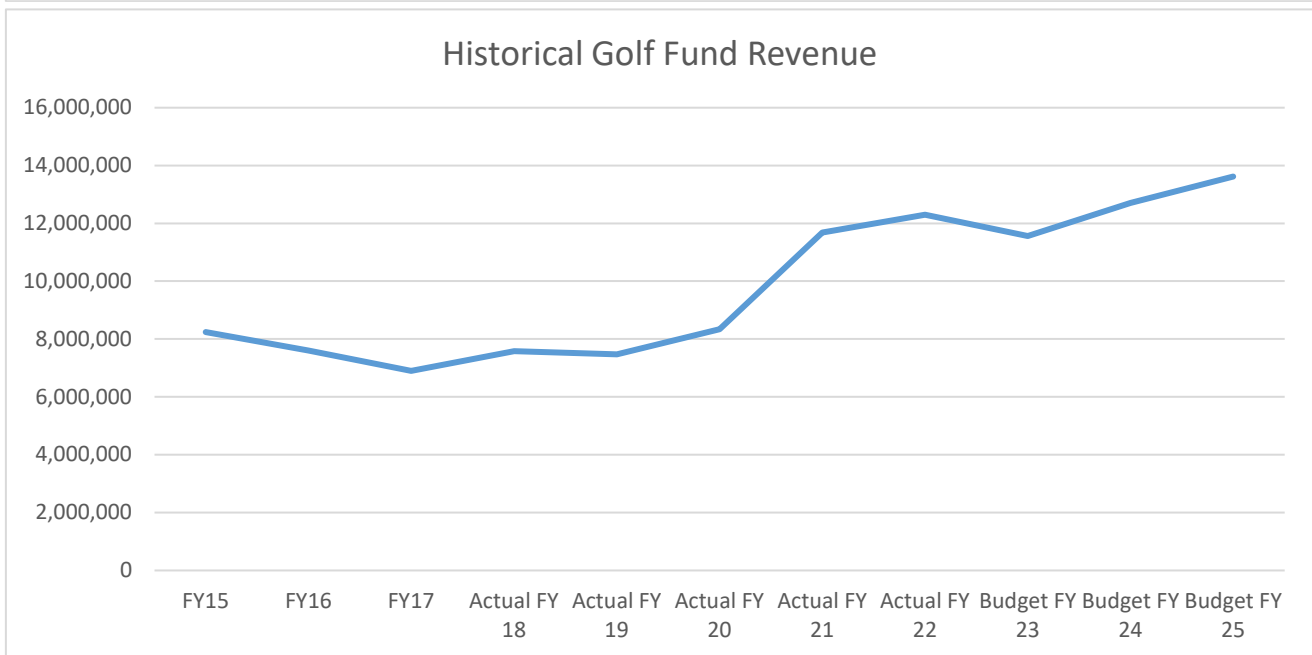
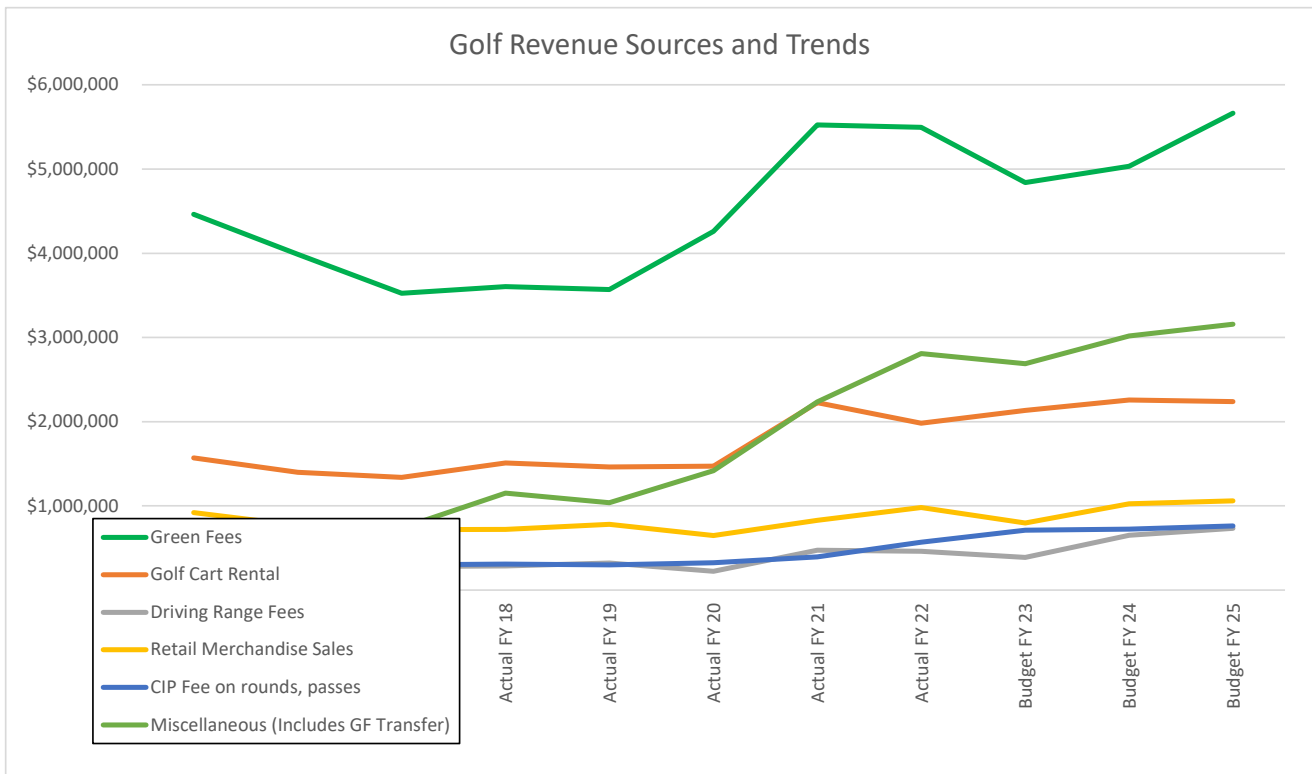
- Continuing general fund transfers for various Golf fund expenses, to free up resources so that Golf can invest in deferred capital projects, and recognizing indirect value of golf green space even for not golfers (more on this on page 5)
- Continuing the centralized call center model for course reservations (started in 2020 as a pilot) with savings realized from staffing restructuring within the department. *The Administration notes this has improved customer data collection and distributed workload more efficiently.*

Typically, Golf Fund revenue is generated by user fees, including green fees, cart rental fees, range ball fees, merchandise purchases, lessons, concessions and rental fees. The 2020 season showed improvement in rounds-played trends, as SLC Courses were re-opened before County courses, and local residents were not traveling as often and looking for ways to safely recreate outside. When looking at course utilization data (which factors in weather and “playable days”), the overall revenue per golf start has seen a steady increase since 2019.

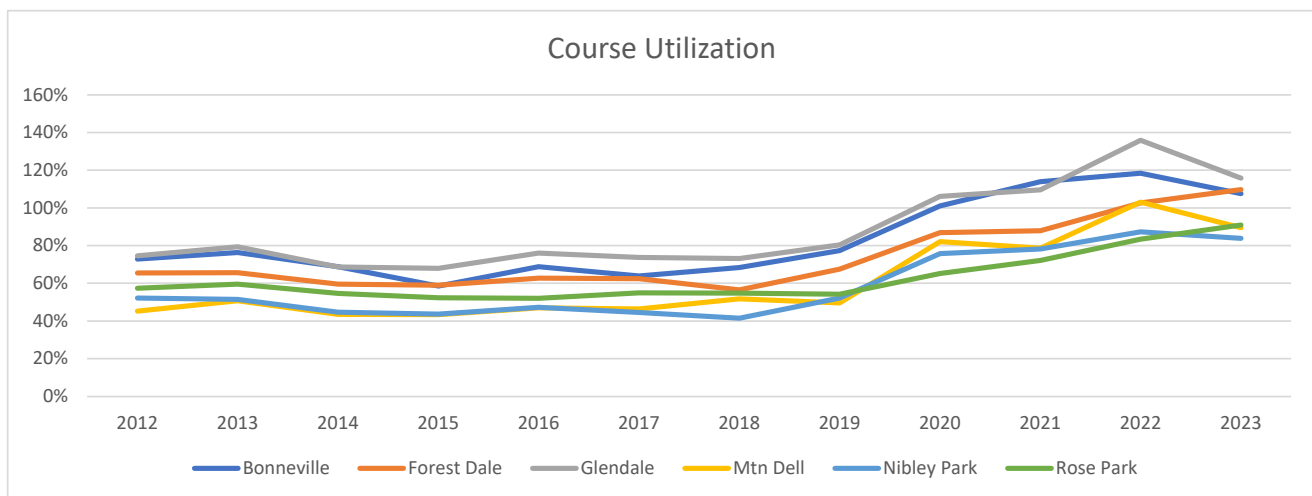
KEY BUDGET ISSUES & POLICY QUESTIONS

A. Golf Fund Revenue and Rounds Trends. Golf revenue has improved in recent years, since reaching a low in FY17, and for FY 25 is projected to exceed the high experienced in FY 22 as a post-pandemic year. The increases in earned revenue in recent years are significant to the extent they indicate the potential of the Golf Fund to improve its financial position. However, the Golf Fund has continued to experience difficulties in fully covering operating expenses at the City’s six golf courses in addition to capital expenditures. This is why the Administration is proposing to continue the previous years of general fund transfers for FY 25 (detailed in the next section).

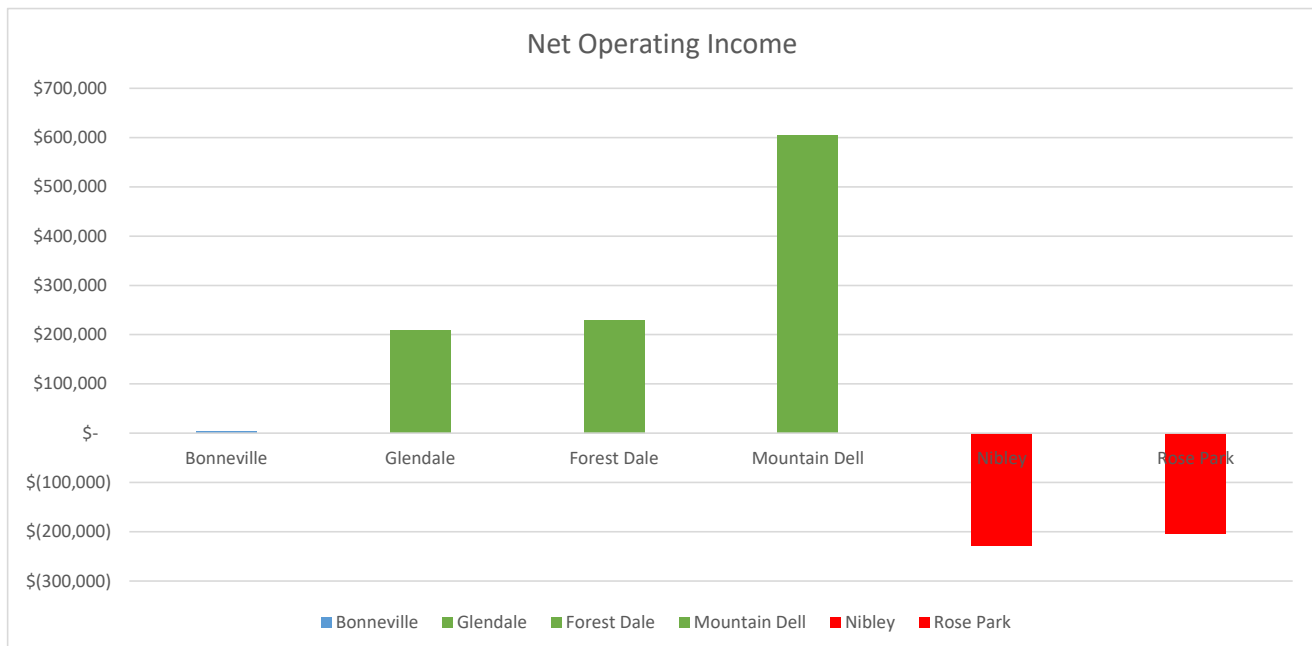
- For FY 25, general greens fees provide 41.6% of annual revenue. Cart rentals provide almost 16.4% of annual revenue, which is a slight decline from FY 24 to reflect actual revenue. Retail sales and driving ranges combined add another almost 13.2%.
- Personnel costs are typically around 56% of the total, including part-time, seasonal workers. Water and upkeep costs are also difficult to reduce while preserving the City asset and maintaining playability.



Note: Regular Transfers from the general fund began in FY 17, increasing in FY 20 (see next page for more detail).



Staff note: This is a different, and potentially more accurate reflection of Golf Course usage than “Rounds Played” which can be affected by several factors. It factors in “starts” at each course (whether the person finishes 9 or 18 holes) and playable days (which factors actual weather data). It also allows the Administration to calculate revenue for each person who steps on a Golf course, regardless of whether they play 9 or 18 holes. The Council may wish to discuss this metric more with the Administration to understand.



B. General Fund transfers/subsidy – The Administration is proposing to continue the practice started in FY 17 of transferring funds from the General Fund to cover various expenses in the Golf Fund. The Administration indicates that these transfers are necessary in order enable the Golf fund to use its “CIP Fee” dollars for capital expenditures instead of helping balance out operational expenses. See background section on page 8 for more on this concept, including research indicating other municipal courses following similar paths. The recommendations are as follows, and are reflected in the Non-Departmental budget on page 61 of the budget book:

General Fund Transfers to Golf Fund

	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25 proposed	notes
Reimburse Fees paid by the Golf Fund to IMS	\$ 138,800	\$ 200,000	\$ 200,000	\$ 150,000	\$ 350,000	\$ 350,000	ongoing
Reimburse other Administrative Fees	\$ 220,000	\$ 306,582	\$ 315,779	\$ 655,114	\$ 356,302	\$ 356,302	ongoing
Rose Park Infrastructure Investment	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	Golf indicates that this will be completed and not needed after FY 26
Living Wage adjustments	\$ 181,000	\$ 246,000	\$ 370,100	\$ 370,100	\$ 370,100	\$ 370,100	ongoing
GF support of Golf Debt for Irrigation Improvements made in FY 18 (previously ESCO)	\$ 445,078	\$ 460,585	\$ 484,000	\$ 493,239	\$ 510,427	\$ 528,213	ongoing until 2032; amount increases annually to \$677,044
	\$ 1,484,878	\$ 1,713,167	\$ 1,869,879	\$ 2,168,453	\$ 2,086,829	\$ 2,104,615	

C. Indirect and Non-Financial Benefits of Golf's Green Space. The Golf Fund owns over 1,000 acres of property across six courses—a substantial amount of publicly-owned green space. Acreage in the City helps mitigate the urban heat island effect in addition to the aesthetic value of green space. Over a third of this area (381 acres) sits outside the urban area, at Mountain Dell in Parley's Canyon, which serves the additional function of City watershed protection.

GOLF PROPERTY

Course	Maintained acres	Other acres	Total acres
Bonneville	125	55	180
Forest Dale	55	6	61
Glendale	160	16	176
Mountain Dell	260	121	381
Nibley	46	6	52
Rose Park	140	16	156
Total	786	220	1,006
<i>Former Golf properties</i>			
Jordan River Par 3 (maintained by Public Lands as disc golf)	22	-	22
Wingpointe (Airport property, not maintained)			194

The Administration has indicated that there are Citywide benefits to maintaining golf courses as partially-funded green open space, though they acknowledge that the non-golf benefits are experienced by most taxpayers in a passive manner. In response to a question from FY 21, the Division noted the following, which is still relevant from a policy perspective:

“Much of the non-golf use is passive in nature, and the access and preservation of the open public spaces provide many opportunities and benefits to the public such as:

- Trees and Open Space. Contributes benefits to air quality, urban heat islands, urban wildlife interfaces and*
- Other activities include winter time access, walking, snowshoe, dogs, and trails.*
- Public access to clubhouse and cafe's*

- *Public meeting space at Forest Dale*
- *Jordan River Trail Glendale and Rose Park*
- *Disc Golf and Footgolf at Rose Park”*

D. Golf CIP. The proposed budget includes a continuation of the \$2 per 9 hole round CIP fee.

- This fee, along with the General Fund transfers, will allow the Golf Division to continue to invest in much needed, deferred capital projects. Attachment 1 includes a list of capital projects by course, estimated costs, and priority, totaling \$27,275,000 million. The Division acknowledges that the revenue generated from these fees are not sufficient to catch up on all of these projects and is investigating longer-term solutions, although the FY 23 budget started progress in this direction. \$4.9 million was approved in FY 23, \$7.1 million was approved in FY 24, and \$8.3 million is proposed in FY 25.
- The Administration proposes the following uses for the FY 25 allocation:

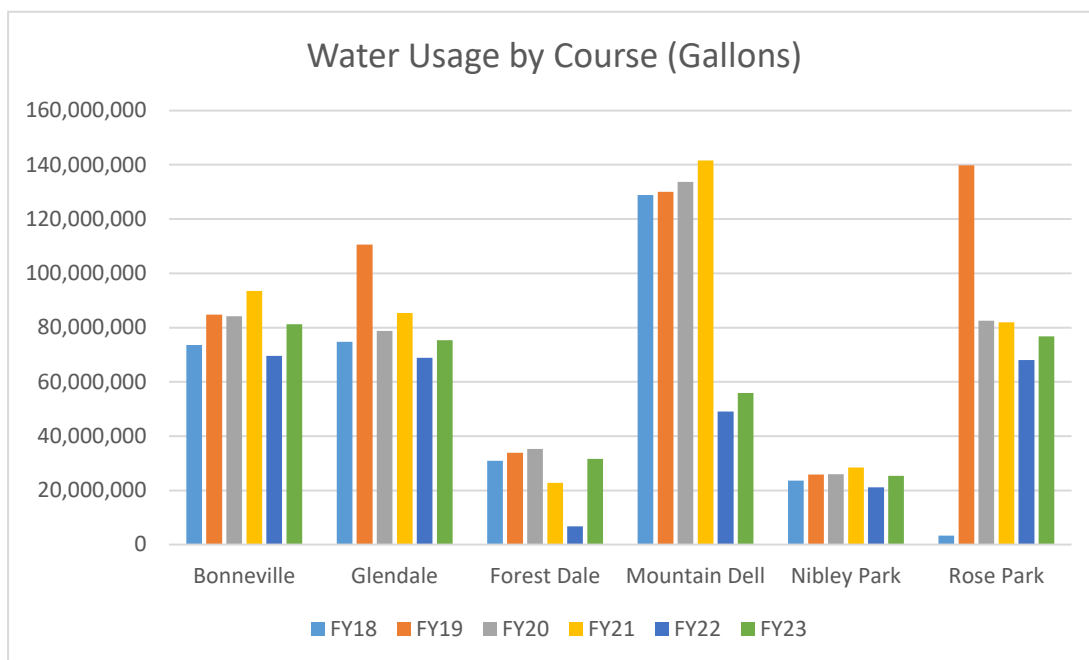
FY 2025 Proposed Golf CIP projects		
Project	Proposed Amount	Notes
Tee Box Leveling	\$ 60,000	Initially funded in FY 24. Will address tee boxes at all 6 courses over the next 3 years. This was consistently raised by customers as a needed improvement.
Pump Replacement	\$ 25,000	This will replace the first of five irrigation pumps at Glendale, one per year, as they are all nearing the end of their life expectancy. \$20,000 funded in FY 24.
Maintenance Equipment	\$ 456,538	Multi-year plan to upgrade maintenance equipment for all 6 courses.
Bonneville Driving Range Fence Replace	\$ 900,000	Removing damaged fencing and replacing with new fencing along driving range at Bonneville Golf Course.
Nibley Property Fencing Project	\$ 55,000	Replacing property fencing at Nibley, particularly along the northern perimeter
Driving Range Project at Glendale	\$ 1,500,000	Planning phases of a proposed double-decker driving range at Glendale Golf Course, which will expand the usable months of the driving range and double the capacity. The Administration will work with a design consultant to determine total cost. Construction was scheduled to start in Spring 2024, although the project has experienced delays due to the overall backlog in City CIP projects.
Rose Park Irrigation Improvements	\$ 4,400,000	The current system is 65 years old. The project includes re-design for efficiency which may reduce water usage by up to 40%. The Administration indicates they will strive to ensure that all existing trees receive adequate water, as that has been a concern at other courses. <i>Staff has inquired about the status of this project.</i>
Cart Path Improvements	\$ 525,000	This includes improvements for all courses, including modifying, where possible, for use by non-golfers during the off season.
Bridge Improvements at Forest Dale	\$ 74,000	This project will replace bridges at Forest Dale Golf Course that are prone to washouts during heavy rain events.
Glendale On-Course Restroom	\$ 150,000	This will replace a portable on course restroom. It is a frequent request of Glendale customers.
Nibley - Range Hitting Pad Extension	\$ 20,000	This will increase the number of driving range stalls at Nibley Golf Course, which may have a positive impact on driving range revenue.
Golf Carts - Nibley	\$ 206,305	This will facilitate the purchase of 31 golf carts for Nibley Golf Course, as the current fleet is due for replacement. Old carts tend to have a negative impact on cart rental revenue.
Total	\$ 8,371,843	

- Background – The Golf CIP fund was established as the repository for a Council-initiated surcharge of \$1 per round for the purpose of catching up on deferred maintenance and critical capital projects

A. at all City courses (first initiated in FY 12). At the time it was established the Council's intent was that these funds not be used to cover operational deficits, although in the years before the ongoing General Fund subsidy, it was used in that way.

B. Water/Drought Planning – Water costs affect the operational budgets of the Golf Fund's 644.5 irrigated acres as well as the overall water usage in the valley. Although each year the water budgets are fixed, weather conditions determine actual expenditures at each course. The department provided the following information relating to water conservation: *"Through initiatives implemented in concert with the City's Water Shortage Contingency Plan, the Golf Division maintained a reduced water use by 36% in FY22 compared to this time in FY21. The Golf Fund Administration plans to continue water saving techniques in FY25 wherever possible, and, although turf repair projects will be undertaken due to the harsh drought over the past several years, may require additional water use in some circumstances."*

The following chart shows water usage in gallons, by course (staff note: budget fluctuations can occur due to rate increases and don't always exhibit true water conservation)



For context, the following is the number of irrigated acres at each course:

	Irrigated Acres
Bonneville	120
Glendale	105
Forest Dale	56
Mtn Dell	149.5
Nibley Park	50
Rose Park	164
Total	644.5

C. Parks and Golf Expenses Comparison. In 2017, at the request of the Council, the Public Services Division provided a comparison of annual maintenance and operations costs-per-acre for Liberty Park (\$10,682 per acre) versus the average for golf courses (\$7,288 per acre). These were offered as only rough figures, since at that time data collection was not systematic. There were also a number of important limitations to the data, including that Liberty Park has especially high costs because of special features and

events, as well as year-around use. In addition, most golf courses were not on secondary water at the time, though Liberty Park was already. An update to this comparison would be useful, specifically, for parks of different classes (regional, community, neighborhood) and each of the golf courses. Data on average daily users would also be of interest, since most parks are used much more intensively than golf courses. **The Council may wish to ask the Administration for an update on these efforts.**

- G. Fees and Market Comparison** – Staff inquired about competitiveness in the market area. The Administration indicates they are comfortable with Salt Lake City prices, given recent increases in neighboring courses, and has provided the following information for context:

Course	Management	WD9Re	WD9Se	WD9Ju	WE 9	WD18Re	WD18Se	WD18Ju	WE 18	9 Cart	18 Cart	Notes
Schneider's Bluff	Private	17.00	17.00	10.00	17.00	34.00	34.00	20.00	36.00	9.00	18.00	
Schneider's Riverside	Private	17.00	17.00	10.00	17.00	34.00	34.00	20.00	36.00	9.00	18.00	
Nibley Park	SLC - City Club	13.00	11.00	N/A	17.00	NA	NA	NA	NA	8.00	NA	M-F, SS After 12
Rose Park	SLC - City Club	13.00	11.00	N/A	17.00	26.00	27.00	NA	26.00	8.00	16.00	M-F, SS After 12
Nibley Park	SLC - RATES	17.00	15.00	9.00	17.00	NA	NA	NA	NA	9.00	NA	
Rose Park	SLC - RATES	17.00	15.00	9.00	17.00	34.00	30.00	18.00	30.00	9.00	18.00	
Mick Riley	Salt Lake County	17.00	15.00	11.00	17.00	NA	NA	NA	n/a	10.00	NA	SR & JR M-TH, FRI BEFORE 11, S&S AFTER 3
Meadow Brook	Salt Lake County	16.00	14.00	10.00	17.00	32.00	28.00	20.00	34.00	10.00	20.00	SR M-F, JR M-F and S&S AFTER 3
Mountain View	Salt Lake County	16.00	14.00	10.00	17.00	32.00	28.00	20.00	34.00	10.00	20.00	
Forest Dale	SLC - City Club	14.00	12.00	N/A	18.00	NA	NA	NA	NA	8.00	NA	M-F, SS After 12
Forest Dale	SLC - RATES	18.00	16.00	10.00	18.00	NA	NA	NA	NA	9.00	NA	
Stonebridge	West Valley City	18.00	14.00	9.00	18.00	36.00	28.00	18.00	36.00	10.00	20.00	SR & JR M-F, SS after 1
The Ridge	West Valley City	18.00	14.00	9.00	18.00	36.00	28.00	18.00	36.00	10.00	20.00	SR & JR M-F, SS after 1
Glendale	SLC - RATES	19.00	16.00	10.00	19.00	38.00	32.00	20.00	38.00	10.00	18.00	
Riverbend	Salt Lake County	19.00	16.00	11.00	19.00	38.00	32.00	22.00	38.00	10.00	20.00	
Eaglewood	Private	20.00	20.00	12.00	20.00	40.00	40.00	24.00	40.00	10.00	20.00	JR M-TH
Glen Eagle	Private	20.00	18.00	12.00	20.00	34.00	32.00	24.00	36.00	10.00	20.00	SR M-F, JR M-F, SS after 12
Old Mill	Salt Lake County	20.00	15.00	12.00	20.00	40.00	30.00	30.00	40.00	10.00	20.00	SR & JR M-TH
Bountiful Ridge	Bountiful City	18.00	18.00	18.00	21.00	36.00	36.00	36.00	32.00	10.00	20.00	
River Oaks	Sandy City	22.00	18.00	18.00	22.00	40.00	40.00	35.00	40.00	10.00	20.00	SR & JR M-TH
South Mountain	Salt Lake County	29.00	25.00	18.00	29.00	58.00	50.00	36.00	58.00	Price includes cart	SR & JR M-TH	
Park City	Park City	30.00	30.00	30.00	30.00	60.00	60.00	60.00	60.00	10.00	20.00	
Glendale	SLC - City Club	15.00	15.00	N/A	18.00	30.00	NA	NA	20.00	9.00	18.00	M-F, SS After 12
Valley View	Davis County	15.00	15.00	10.00	38.00	30.00	30.00	20.00	38.00	9.00	18.00	SR & JR M-F, SS after 12 (2022 rates posted 3/1/22)
Davis Park	Davis County	15.00	15.00	10.00	38.00	30.00	30.00	20.00	38.00	9.00	18.00	SR & JR M-F, SS after 12 (2022 rates posted 3/1/22)
Bonneville	SLC - City Club	18.00	15.00	N/A	44.00	36.00	30.00	NA	40.00	10.00	20.00	M-F, SS After 12
Min Dell	SLC - City Club	21.00	18.00	N/A	44.00	36.00	30.00	NA	44.00	10.00	20.00	M-F, SS After 12
Bonneville	SLC - RATES	22.00	19.00	11.00	44.00	44.00	37.00	22.00	44.00	10.00	20.00	
Min Dell	SLC - RATES	25.00	22.00	11.00	44.00	44.00	38.00	22.00	44.00	10.00	20.00	
Soldier Hollow Gold	State of Utah	NA	NA	NA	NA	80.00	57.00	42.00	80.00	Price includes cart		
Soldier Hollow Silver	State of Utah	NA	NA	NA	NA	80.00	57.00	42.00	80.00	Price includes cart		
Wasatch Mtn.	State of Utah	NA	NA	NA	NA	80.00	57.00	42.00	80.00	Price includes cart		
Sorted by Weekend 9-hole Rate												
Updated 5/14/2024												

Commented [LW1]: This chart is hard to read- would it be better as an attachment so it can be larger, landscape?

ADDITIONAL & BACKGROUND INFORMATION

- A. Golf Advisory Board.** The terms of all current board members have expired and the board is current not meeting. The Administration indicates that they are evaluating consolidating efforts with the Parks, Natural Lands, Urban Forestry and Trails (PNUT) board. **The Council may wish to weigh in on this.** If the board is no longer desired the Council would need to amend City code.
- B.** The golf fund offers several loyalty and youth/senior discount programs. More information can be found on SLC Golf's website: <https://www.slc-golf.com/product-category/memberships/>
- C. Comparative Research in 2019.** The Finance Department conducted a review of many municipally-owned golf course systems around the country, as well as a more in-depth review of the accounting laws governing enterprise funds in the State of Utah.

Key takeaways from the Administration following their review:

- Cities of Salt Lake City's population size do not typically have such extensive public golf systems. Most of the comparisons are with larger cities in the West.
- No other system studied charges administrative fees—although the same municipalities do charge fees to other enterprise funds.
- All but one municipal system operated with a structural and persistent deficit. All those deficits were supplemented with ongoing support of the municipal general fund.

- The State of Utah has legal and accounting barriers that the Finance Department has interpreted to prohibit simply “absorbing” the Golf Fund into the City general fund. They appear to mean that SLC Golf **must** remain a separate enterprise fund. To confirm this interpretation, the Attorney’s Office has been asked to provide an opinion on the matter.
- Similarly, there are legal and accounting barriers to the general fund “assuming” the Golf Fund’s ESCO (existing secondary water-system debt). However, the general fund is permitted to provide funds to the Golf Fund to pay these debts.
- The Administration does not indicate any interest in selling or developing Golf property for a different use.

Given the proposed elimination of Administrative Fees currently paid to the general fund by other Enterprise funds (such as the Airport), ***the Council may wish to request the Administration’s key public policy findings that support the notion of not charging Administrative fees and supporting the debt of an enterprise fund.*** There is close scrutiny on the topic of Administrative fees, which is the allocation of expenses to departments and entities. To preserve the integrity of the City’s cost allocation system, the Council may wish to ask the Administration to provide a more formal assessment of the public benefit and reasoning for this change to be included in the public record.

D. 2014 Council Policy Principles. A number of Golf Fund policy issues come up with regularity over the years. The Council adopted *Guiding Policy Principles for Changes to the Golf Enterprise Fund* (Attachment 2) in 2014. The Council may wish to discuss whether it would be helpful to discard, or review and update these to determine relevance to the FY23 budget and policy goals of the Council at this point.

1. The City has a longstanding general policy of not subsidizing enterprise funds with general tax dollars, and the Council’s *Policy Principles* discourage general fund subsidies to the Golf Fund specifically, although in recent years there have been limited exceptions made to this rule. As part of these guiding policy statements, the Council also agreed that City-owned open space should be protected.
2. The traditional rationale for charging recreation fees for some amenities is related to the need for “exclusive” use of recreation facilities, like baseball diamonds and soccer fields during league play, or park pavilions for parties. Golf has been considered more similar to these exclusive uses than to “non-exclusive” uses like walking on a trail or playing catch on a grassy area, but there may be reasons to re-examine this view given the passive and/or indirect benefits identified above.

E. General Background Information relating to Golf Fund financial history. As an enterprise fund, the Golf Fund is charged with managing and maintaining the courses within the revenues that it can generate through its operations. The Council has been concerned about the financial sustainability of the Golf Fund since at least 2007. As early as 2004, deficits began to appear in the Golf Fund, though these problems typically were described as temporary anomalies, rather than longer-term structural issues, and were covered with the Golf Fund’s then-substantial fund balance, that was built up in the late 90s and early 2000s when Golf was significantly more profitable.

In 2014, after then-Mayor Ralph Becker indicated that he would close courses to address these budget issues, the Council adopted a series of policy statements to define their shared view of how the system should serve golfers, as well as the limits of what could be done to change the system. *Staff note: Recent budgets have not been consistent with some of these policy statements, and recent Council’s have not affirmed that they agree with the policies adopted in 2014.* Later that year, the Council embarked on a process of information gathering and pursued an extensive process to gather ideas from the public. The Council also hired a municipal finance consultant to identify options that could help the Golf Fund maintain financial solvency over the long term. In late 2014 and early 2015, a Council-appointed citizen task force reviewed all the information assembled, including the consultant’s report and all of the public’s

ideas for Council consideration, and provided their recommendations to the Council. The process culminated in the Council’s own recommendations to the Administration in February, 2015 (Attachment 3).

Then-Mayor Biskupski’s Administration was optimistic about potential for Golf’s turnaround, and proposed a more incremental approach to change along with more general fund financial support. The guiding policy ultimately articulated was that City golf courses should be subsidized because they are “public open spaces” that *nearly* pay for themselves—unlike traditional parks, which do not raise significant revenue to offset their own maintenance costs. Another initiative was to plan for more trail uses at Jordan Par 3 and around Rosepark, which would require substantial capital investment (a formal plan has not been transmitted, and funds for these plans have not been identified). As noted above, an RFI was published for a “TopGolf”-like experience at Nibley (2019), but did not attract any proposals.

ATTACHMENTS

Attachment 1 – List of Golf Capital Improvement Projects