



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY
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TO: City Council Members
FROM: Jennifer Bruno, Allison Rowland
DATE: May 22, 2018
RE: Proposed Fiscal Year 2019 Golf Fund Budget

Project Timeline:
Briefing: May 16, 2018
Budget Hearings: May 15, June 5
Potential Action: June 12 (TBD)

NEW INFORMATION *(since May 15 briefing)*

The Golf budget may also appear as an Unresolved Issue in future meetings.

The Council may wish to review and prioritize policies to guide future general fund investment/subsidy. By way of reminder, the Council adopted the following contingencies and intents in conjunction with the FY18 budget adoption:

A. Contingent appropriation - \$404,000 of general fund dollars to be released into stages as follows:

1. 50% released on July 1 based on the commitment the Administration has already expressed to work jointly on a solution for Golf Fund financial viability and discuss options under review by the Administration.
2. 50% percent released upon issuance of a Request for Proposals that has been vetted by both branches. *(Staff note: The RFP was later changed to an RFI.)*

B. Legislative intents – The Council expresses the following intents regarding the Golf Enterprise Fund – The Council may wish to review these:

1. Formally recognize in concept the value of expanding revenue-generating opportunities at all City Golf Courses.
2. Track any subsidy given to the Golf Fund from the General Fund this fiscal year for possible future reimbursement.
3. Reaffirm the policy commitment to the Golf program remaining an enterprise fund, in keeping with previously adopted Council golf policy.
4. Reaffirm the policy commitment to consider the resolution of the golf funding issues over a 10-year timeline.

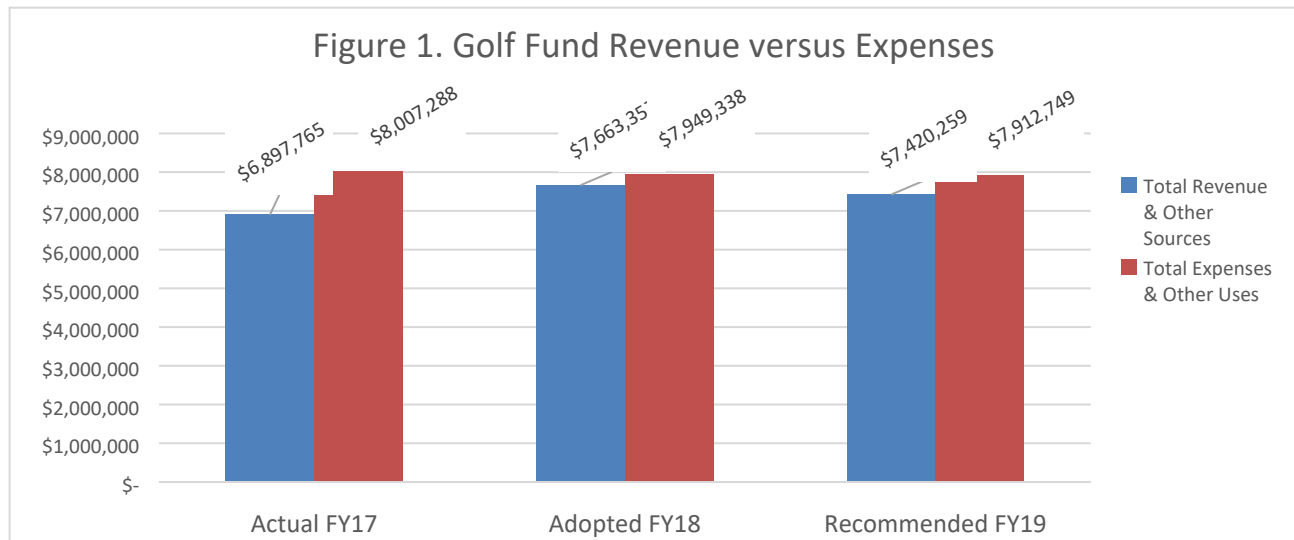


5. Schedule a policy conversation early in the new fiscal year to confirm or adjust as necessary the Council's policy statements that were established to guide the resolution of the City golf issues.
6. Renew the Council's request that the Administration formally seek proposals from private providers, other governmental entities, community organizations and others through issuance of a formal Request for Proposals (RFP) for operations of the full system of City golf courses. *(Staff note: The RFP was later changed to an RFI.)*
7. Request the opportunity for input on the Request for Proposals in advance of its release to help assure that any responders will be asked to address issues of interest and concern to both branches.

ISSUE AT-A-GLANCE

C. FY19 Mayor's Recommended Budget overview

The Golf Enterprise Fund continues to experience difficulties in covering operating expenses at the City's six golf courses. **The FY19 Mayor's Recommended Budget (MRB) expects the Golf Fund's FY19 earned income to trail expenses**, as was the case in the FY18 MRB. Golf revenues are forecast to drop -3.0% from FY18's level, in part reflecting the proposed elimination of the \$404,000 general fund subsidy provided in FY18, but also reflecting a -2% drop in Green Fees, which are the primary revenue source for the Fund. With expenses remaining basically flat, this is projected to lead to a one-year operating deficit of **\$267,490**, though staff continues to work with the Administration to fully clarify what this amount includes and does not include. (See Figure 1; more detailed financial information is available in Attachment C1.)



An operating deficit is predicted for FY19 despite a proposed for the general fund to assume responsibility for the Golf ESCO (debt service) payments. This amount is \$430,094 in FY 19 that the Golf Fund would have paid that the General Fund will now and in future years pay. The Administration recommends this transfer to consolidate and more carefully track this debt in a new debt service portion of CIP. The Administration notes: *“The ESCO debt service is related to projects undertaken a few years ago by the City to move parks and golf courses to secondary water supplies and to move toward more efficient lighting and other energy savings in public buildings. The savings from the changes were projected to cover the costs of implementation. The City has not seen the savings projected and has not been able to collect on the contract with the vendor to cover the loss.”* The Golf ESCO specifically was issued to cover the following projects: secondary water system at Rose Park (\$x million), secondary water system at Glendale (\$y million), improved irrigation system at Bonneville (\$z million). Council staff is working with the Administration to determine the amounts for each Golf ESCO,

and understand whether other ESCO contracts include effective protections against a failure of expected savings to materialize. For more information on ESCO-related policy issues see item A.1 on page 4.

The Golf CIP fund was established as the repository for a Council-mandated surcharge of \$1 per round for the purpose of catching up on much-needed deferred maintenance. At the time it was established the Council's intent was that these funds not be used to cover operational deficits. However, due to the current balance of the fund, the Mayor's recommended budget suggests using the fund to cover the accumulating operating deficits from FY 17, FY 18, and FY 19. Its balance is projected by the Golf Division to reach \$1,704,420 in FY19. (Note: Council Staff is confirming these figures with the Administration). This would imply a transfer of - \$1,907,137 in operating deficits from these years, which would result in a negative balance in the Golf CIP fund (-\$202,717). At the same time, the MRB recommends using \$215,000 from the Golf CIP budget on an "emergency capital outlay," which includes: a sewer project at Glendale Golf course (\$35,000); miscellaneous improvements to facilities, infrastructure and equipment (\$50,000) and a purchase of used equipment (\$130,000). The Council may wish to ask the Administration why these funds were not deployed for capital projects as intended in the last three years, and if there are projects that could be accomplished with the current balance.

A detailed plan for moving to a positive revenue scenario in the future and resolving the persistent issue of Golf Fund deficits, is not specifically outlined in the Mayor's Recommended Budget. In response to Council staff questions about the Division's plans and objectives, the Administration provided information on their plans that appears in the "Revenue Increases" section, below.

The FY19 MRB also recommends filling the Golf Director position, after having removed this in FY18 because a previous employee was able to play dual roles as a Public Services Deputy Director and the Golf Director. The Administration indicated that because of the Golf Fund's financial challenges, the position would not necessarily be filled this year, but that they preferred to request the FTE change during the budget discussions rather than in a budget amendment. The position would be funded by vacancy and attrition savings and reclassification. It would result in a net gain of one FTE for the division. Note: vacancy and attrition savings are a one-year funding source. Should those vacancies in other staff positions need to be filled, the City would need to find another funding source within the Golf Fund for the Golf Director position.

D. Council Policy Principles

A number of Golf Fund policy issues come up with regularity over the years, and significant time is spent discussing these with constituents and with Administrative staff. Updating or confirming the Council's *Guiding Policy Principles for Changes to the Golf Enterprise Fund* (Attachment C2), which were adopted in 2015, may be helpful in this respect. This exercise also could aid elected officials from both branches come to a shared view—or at least, identify the specific areas of differing views—so that staff in both branches can more efficiently provide them needed information and engage in less debate over the relevance of particular items.

The Council also may wish to discuss their adopted *Guiding Policy Principles for Changes to the Golf Enterprise Fund* in light of the FY19 MRB, reaffirming or reconsidering these with reference to the current situation. 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.¹ As part of these guiding policy statements, the Council also agreed that City-owned open space should be protected. 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.

1. Council staff is preparing a summary of these exceptions, including, for example, the Living Wage Transfer.

E. Background

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 (Attachment C3). Even 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 in much higher demand.

In 2014, after then-Mayor Ralph Becker's indication that he would close courses, 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 (Attachment C2). 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 C4).

KEY BUDGET ISSUES & POLICY QUESTIONS

Long-term financial solvency of the Golf Fund. The proposed FY19 budget does not move the Golf Fund to a financially sustainable position this year. There are three key areas to consider with regard to long-term financial solvency of the Golf Fund: Coming-Year (FY19) Budget Issues, Past Operations Deficit, and Capital Improvements and Deferred Maintenance.

A. Coming-Year (FY19) Budget Issues.

- 1. ESCOs and Secondary Water.** The proposed budget includes transferring the ESCO responsibility to the general fund CIP to help reduce the Golf Fund's projected FY19 operating deficit. The Administration indicated *"If the Golf ESCO is not moved to the GF [general fund], there will be little/no opportunity to look at a reduction in expenses for these assets."* Still, as noted earlier, this would not eliminate the FY19 operating deficit entirely.

Unanticipated quality problems with Glendale and Rose Park's secondary water, drawn from the Surplus Canal and the Jordan River, caused delay in installing these projects and added to their expense by causing equipment failure and unhealthy turf. In addition, at times both courses have had to return to using culinary water, which adds significantly to Golf Fund expenses.

For example, the secondary water installation at Glendale was not completed in 2016 because of the vendor's permitting difficulties, which meant culinary water continued to be used for the season. In FY17 Budget Amendment #5, the Council approved an additional \$170,424 of one-time general fund revenue to pay for this unexpected cost.

The Mayor's Recommended Budget does not include funding for potential additional expenses should culinary water be needed again for some or part of FY19. The Administration reports: *"Golf has been working diligently with Stephanie Duer from Public Utilities, and in conjunction with Utah State University on a turf study for all of our golf courses. The scope of work has been approved and will commence soon. The water quality out of the Jordan River and the surplus canal is a concern, but we will monitor the impact of the secondary water over time, and make adjustments as necessary."*

These problems mean that the substantial level of projected savings from using secondary water, which was made possible by Golf Fund investments at Glendale and Rose Park, may not have materialized. According to the Administration, *"The ESCOs were in theory going to receive a ROI [Return on*

Investment], *but there has been little ROI on any of the ESCO resulting in a loss for all ESCO areas including the GF [general fund].*” Council staff is working with the Administration to determine whether any water savings at all are contemplated in the proposed budget. Council Staff has also inquired whether any savings has resulted from the \$4,212,398 investment in a more efficient irrigation system at Bonneville.

- 2. Other infrastructure projects.** To the extent the Administration uses the Golf CIP fund to pay operating deficits, there would be less available for other needed capital projects. The proposal is also counter to the original Council intent for these funds. However, if these funds are not used to cover operating deficits, the only other option is a larger general fund subsidy. The MRB does recommend some limited investment in capital projects. It recommends using \$215,000 from the Golf CIP budget for an “emergency capital outlay” which includes: a sewer project at Glendale Golf course (\$35,000); miscellaneous improvements to facilities, infrastructure and equipment (\$50,000) and purchase of used equipment (\$130,000).
- 3. Living Wage Transfer.** The MRB proposes \$181,000 (the same amount as in FY18) as a general fund subsidy used to raise all Golf employees to a living wage. *Note: The transfer does not account for potential salary compression issues against other Golf positions. Compression occurs when one group of employees is given a salary increase that moves them so close to the pay of a supervisor or other higher ranking position that the salary rate for the other position(s) needs to be adjusted. Council staff is not specifically aware of whether this will be an issue in this case.*
- 4. Nibley Golf Carts.** The MRB lists “Escrow for Nibley Golf Carts” at \$90,000. Because these carts appear to be financed, they would not add to the FY19 operations deficit, but the debt service on them would need to be paid from annual revenue. Council staff is working with the Administration to determine whether this line refers to a new issuance for these carts, and how the annual debt payment would compare to projected revenues from them.
- 5. Revenue Increases.** The proposed budget does not include significant initiatives designed to raise revenue in either the short- or long-terms. Small gains are expected through rentals from “golf boards,” which are a cross between carts and motorized skateboards (\$54,936). Council staff has requested an assessment of the new fee schedule adopted at the beginning of the 2017 season, including the limited flexibility for pricing, and whether this may have affected revenue. In response to Council staff questions about the Division’s plans and objectives, the Administration provided information on their plans, below:

“Golf is looking into exploring two distinct paths in the short-run which we are hoping will impact the long-run operations hurdles. First strengthening our public private partnerships and second expanding the access and opportunities our golf courses have for people to experience these open spaces.”

On December 6, 2017 Salt Lake City Corporation (the "City") issued a Request for Information (“RFI”) to obtain information on golf course management operations and course development investment options and information on companies that provide these services. The RFI response period closed on January 17, 2018, and the City received 10 responses. Based upon the review, the Administration determined that it may be in the best interest of the City to prepare two Requests for Proposals (“RFP”) which investigate the potential for public/private partnerships at two golf course locations. The lead purposes for the RFP’s will be to: 1) to create partnerships that increase revenue and 2) diversify the opportunities to the public to utilize these public spaces. Golf and Salt Lake City Public Lands are discussing potential for trails integrated within the golf courses as extensions of neighboring parks, with the potential for these trails to accommodate community running events and be open to the public.

The potential for broader integrated public access and the existing non-golfer public access to the public courses raises questions about how/if the Golf Enterprise Fund might be “credited” for the broader access. Examples might be a percentage of maintenance covered for trails and/or other non-golf amenities located on the golf course based on an acreage or use type, or general fund contributions for snow days when the courses are open to the public for cross country skiing or other winter activities (Sledding at golf courses is not encouraged as it can harm the grounds through compression.).

The two courses being considered for the initial RFP’s are Nibley Park and Rose Park Golf Courses. Two overarching objectives of the RFP’s will be to increase revenue and increase the diversity of access. The Nibley Park RFP will be looking at a potential partnership for an improved driving range and restaurant/club house or similar improvements. The Rose Park RFP will be looking at how the City might improve ongoing operation and maintenance costs by broadening the overall concept of the golf course to include a multitude of outdoor community recreational and leisure activities. The course would potentially offer traditional golf in addition to improved facilities; free golf practice facilities; expanded golf leagues and low-cost player development opportunities; low fee(s) community golf and amenities; retail merchandising; rentals for golf, trails, biking, and more.; café style food and beverage services; a multi-use complex and clubhouse; , a trail staging area and trail “watering hole”; an integrated trails and river corridor with river access and a canoe/raft launch area; and repurposed maintenance facility land on Redwood Road. Rose Park is currently supporting disc golf on the course in concert with traditional play. Disc players pay standard green fees and cart rentals. Currently Salt Lake City Public Lands is working with a consulting team to develop a new Jordan Par 3 Park and Rose Park Course Open Space; Recreation Use and Program Management Plan. This plan is using public feedback from community engagements and analysis supported by the Parks Needs Assessment draft. The Plan will present design concepts and best practices management recommendations. Our intended publication for the plan is set for late Fall 2018. Included in the Mayors 2019 Budget is \$498,500 in CIP funding for the development of a Multi-use loop trail for public access at Rose Park Golf Course.

It is our intention to begin drafting the scope for the Nibley Park RFP during the summer of 2018, with a response period ending in the winter of 2018. We will wait until there has been a review of the final recommendations from the Jordan Par 3 Recreation Use and Program Management Plan before drafting the RFP for the Rose Park Golf Course. This approach ensures that the implementation efforts are consistent with the community objectives.”

- ***The Council may wish to ask the Administration for more information about how the approaches mentioned above will result in revenues increasing sufficiently to cover expenses. For example, when would any additional revenue be expected to be realized, given that in some cases, it would depend not only on an RFP process but also completion of construction? What are reasonable expectations for revenue amounts?***

B. Past Operations Deficits. In an enterprise fund, operations deficits accumulate over time, just as profits would. The Mayor’s Recommended Budget for FY19 proposes to resolve the operating deficit incurred this year and in the previous two years, with the use of fund balance/cash reserves. This would amount to \$916,910 in FY17 and \$426,014 in FY18, for a three-year total of \$1,907,137 (Council Staff is confirming these figures with the Administration)

- a. The FY16 operating budget ended the year in slightly positive territory, at \$60,677.
- b. FY14 and FY15 operating deficits were settled by selling non-essential golf course property to the general fund and the Public Utilities Fund for \$1.37 million.

C. Capital Improvements and Deferred Maintenance.

1. The Administration indicated during last year’s budget discussion that the ESCO (debt service) payments would be made from the Golf CIP. Debt service payments on this ESCO will continue rise in each of the following years over the 17-year term of the agreement. This ongoing, escalating expense

will ultimately reach \$677,000 annually for 2032. The Administration indicated that for FY19, they are looking to consolidate and refinance (with sales tax bonds) all of the ESCO project debts across the City in the coming year to avoid these escalating payments.

If responsibility for the ESCO repayment is transferred to the general fund, there would be both disadvantages and advantages. The disadvantage is that the general fund would be responsible for these increasing expenses. An advantage is that a bond guaranteed by the City's future sales tax revenue typically has lower interest rates and would have the advantage of locked-in predictable payments for the term of the debt, rather than escalating payments, so the overall cost of the debt could be less.

2. The latest list of Golf capital improvement projects dates from January 2015, and included up to \$19.5 million in spending (Attachment C5).
 - ***The Council may wish to ask the Administration for an updated deferred capital projects list that reflects the recommendations of the 2017 Golf Fund consultant.***
 - ***The Council may wish to ask about the long-term plans for Golf capital improvements.***

ADDITIONAL & BACKGROUND INFORMATION

A. Wingpointe Golf Course. The Mayor's Recommended Budget FY19 does not contemplate reviving Wingpointe. The Council will receive a briefing on a proposal to rezone the property pursuant to a previous settlement agreement with the FAA on May 15th. For further information about Wingpointe, including the effect of recent legislation, please refer to the Wingpointe rezoning staff report. General background, by way of reminder:

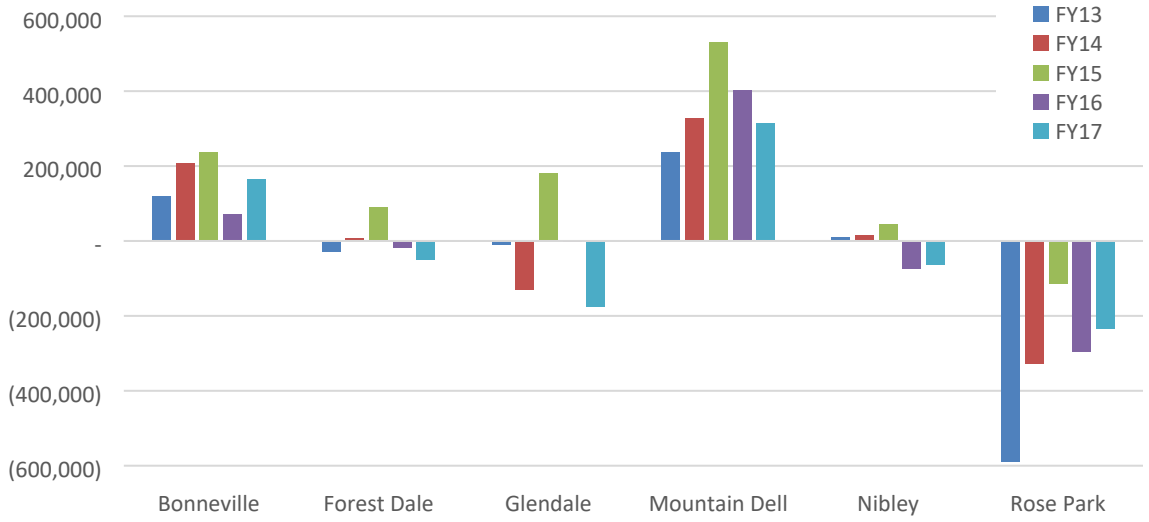
1. In January, 2017, upfront investment needed to re-open the course was estimated at \$872,000 initially, with an additional \$100,000 needed over the following two years (these are "bare minimum" costs and do not include millions in other capital projects that would help the courses operations). Since that time, rebuilding expenses to restore greens, infrastructure, turf and irrigation systems may have risen.
2. The Council voted to end the Wingpointe Maintenance Transfer and lease payments to the Airport for the property on November 14, 2017, after spending \$341,062 between FY17 and FY18 to maintain the possibility of re-opening the course (Attachment C6). The Administration sent a Termination Notice on December 31, 2017, which ended the lease agreement and returned the property to the Airport.

B. Key Golf Measurements

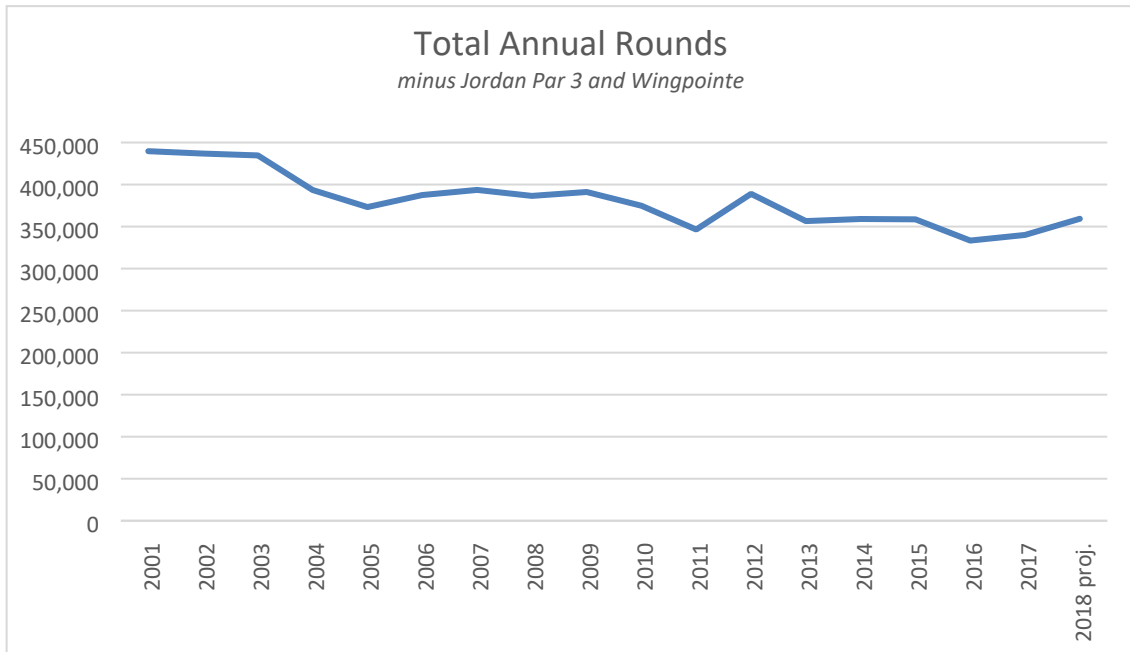
1. **Course Profitability** (*ESCO payments for relevant years are not included in course-level budgets*)

Net Revenue

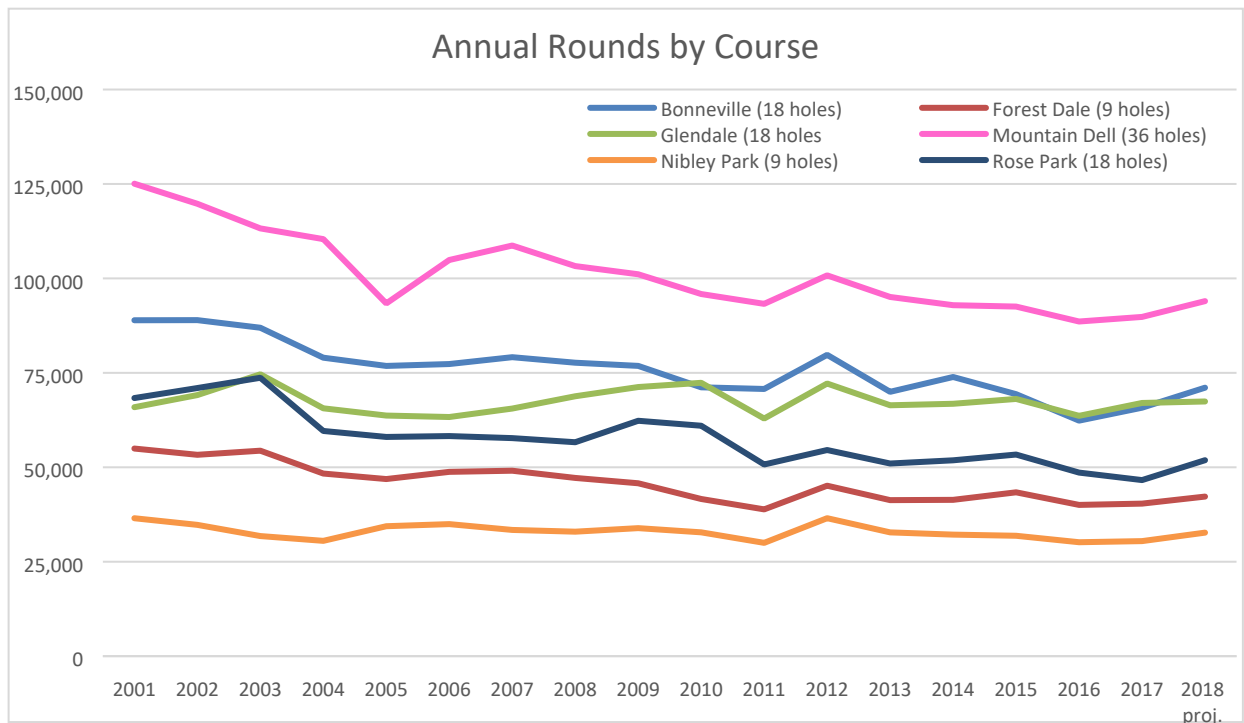
Does not include Golf Administration or CIP



2. **Rounds Played** (Council staff is working with the Administration to update these figures)



3. **Rounds Played by Course** (Council staff is working with the Administration to update these figures)



ATTACHMENTS

- Attachment C1. Revenues and Expenses, FY17 to Recommended FY19
- Attachment C2. 2014 Guiding Policy Principles for Changes to the Golf Enterprise Fund
- Attachment C3. Chronology: Key events relating to Fund Financial Viability
- Attachment C4. 2015 Council Recommendations to the Administration Options to Address Long-Term Golf Fund Issues
- Attachment C5. Revised list of Golf Course Capital Improvement and Deferred Maintenance Projects
(note: This list was last updated January 2015 and may be out of date as it relates to project or costs)
- Attachment C6. Costs related to Wingpointe since closure, November, 2015

Attachment C1. Revenues and Expenses, FY17 to Recommended FY19

	Actual FY17	Adopted FY18	Recommended FY19	Difference	Percent Change
Revenue and Other Sources					
Green Fees	3,523,614	3,785,000	3,705,689	-79,311	-2%
Cart Rental	1,339,722	1,435,672	1,461,744	26,072	2%
Retail Sales	717,439	703,095	702,000	-1,095	0%
Driving Range Fees	281,448	295,375	287,169	-8,206	-3%
Concessions	87,802	85,450	91,814	6,364	7%
CIP Fee	298,424	296,500	296,724	224	0%
Miscellaneous Revenue	649,316	415,848	604,119	188,271	45%
Transfers In	0	646,417	181,000	-465,417	-72%
Financing Proceeds - Carts/Equip	0	0	90,000	90,000	
Total Revenue & Other Sources	\$ 6,897,765	\$ 7,663,357	\$ 7,420,259	\$ (243,098)	-3.0%
Expenses & Other Uses					
Personal Services	3,584,374	3,879,561	3,812,035	-67,526	-2%
Material and Supplies	1,098,398	1,089,547	1,245,060	155,513	14%
Other Operating Expenses (Charges/Services/Fees, Admin Service Fee, PILOT, Intradepartmental Charges)	2,360,996	2,005,815	2,196,426	190,611	10%
Capital Outlay – Cash	220,945	120,000	215,000	95,000	79%
Capital Outlay – Financed	0	0	90,000	90,000	n/a
Debt Service – Carts	223,808	223,808	223,808	0	0%
Debt Service – Equipment	214,994	214,994	130,420	-84,574	-39%
Debt Service – ESCO	303,773	415,613	0	-415,613	-100%
Total Expenses & Other Uses	\$ 8,007,288	\$ 7,949,338	\$ 7,912,749	\$ (36,589)	0%
Change in Net Assets	\$ (1,109,523)	\$ (285,981)	\$ (492,490)	\$ (206,509)	72%

Attachment C2. Guiding Policy Principles for Changes to the Golf Enterprise Fund

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 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.

Attachment C3. Chronology: Key Events Relating to Golf Fund Financial Viability (May 12, 2016)

- 2007 [Golf Fund Advisory Board submits letter to Mayor and Council](#) requesting attention to the Golf Funds backlog of financial needs. The letter encourages the sale and commercial development of surplus golf property at the edges of courses, and cites the City’s mandate that enterprise funds maintain self-sufficiency. Council Members and staff expressed concern about the proposal, including budget projections and the assumption that property would be sold at the “highest and best” use, which would be counter to City open space goals, master plans, neighborhood compatibility and zoning.
- 2008 [Golf Fund management identifies \\$20 million in deferred major projects](#), and re-emphasizes their proposal to address these needs by selling and commercially developing surplus property. Council again expresses the preference to Golf management that open space be maintained and valued as a community asset.
- 2010 In conjunction with the FY2011 budget proposal, Golf Fund management presents a plan for addressing deferred maintenance needs ([see summary here](#)). Again, central to this proposal is the sale and commercial development of surplus property at the highest and best use. Council again expresses concern, and does not accept proposal.
- 2011 Council adds \$1 per 9-hole round to greens fee, effective January 2012, and limits the use of this revenue to CIP projects.
- 2012 FAA issues initial letter detailing concerns with various non-aeronautical uses on airport property, including Wingpointe.
- 2013 Following a response from the Administration in February, the final FAA audit resolution is issued in July relating to Wingpointe. The audit mandated that the City take the following corrective actions:
1. Make reasonable efforts to rezone the property to allow for aeronautical uses by 2017;
 2. Begin reimbursing the Airport for certain operating costs, effective July 2, 2013;
 3. Amend the existing MOU to terminate the lease on December 31, 2017;
 4. Begin paying rent to the Airport based on fair market value (FMV) in any new MOU agreed to after December 31, 2017.
- 2013 The Council funds a [study by the National Golf Foundation](#). The stated purpose of the study (managed by the Administration), is “to help the City determine the capital required to maximize the economic potential of the golf courses and minimize the burden on the City.”
- 2014 April 22: The Council decides to close Jordan Par-3 course in November of that year based on financial statements projecting a significant deficit at that course.
- 2014 May: A [transmittal from the Administration](#) reports that the Golf Fund’s operating fund balance has been depleted from numerous years of significant operating deficits.
- 2014 May-June: the Council Subcommittee considers the issue and recommends a menu of options to the full body
- 2014 June: The Council’s adopted budget for FY2014-2015 includes an ESCO project (debt) totaling \$6,141,572 to replace the irrigation system at Bonneville Golf Course and implement secondary water projects at Glendale and Rose Park Golf Courses to reduce culinary water usage.
- 2014 July 29: The Council decides to raise greens fees by \$1 per 9-hole round and limits the number of discounts to one per transaction.
- 2014 July 29: The Administration requests that the Council conclude any efforts to re-align the business plan of the Golf Fund by February 1, 2015, in order to give the Mayor time to incorporate any new ideas into the FY2016 budget.
- 2014 July 29: the Council chooses to pursue a multi-faceted public process to ensure all options are investigated. This includes:
- Inviting public comment through individual meetings with Council Members, an Open City Hall discussion, and in Council public hearings.
 - [A public call for ideas](#), which ran from September 1 to November 3.
 - A Citizens Task Force (members named by the Council) which reviewed ideas submitted via the public call for ideas, studied financial implications of ideas, and issued [recommendations](#) in January, 2015.
 - [Specialized consultant’s review of Golf Fund issues](#) from the standpoint of municipal finance, with recommendations based on financial experience of other municipalities.
 - Online Golf Resource Library established to provide a central information resource to the public and City staff for the myriad of documents involved with this topic.

- 2015 February 24: The Council adopts a [motion on recommendations](#) for future Golf Fund solvency.
- 2015 City Council approves \$1.3 million in funding for purchase of a variety of non-essential golf course property from the General Fund and Public Utilities, and intend to preserve these parcels as open space. Land sales to general fund and Public Utilities are used to eliminate operating deficits accumulated in FY2014 and 2015.
- 2015 Spring: The Council begins discussions on potential GO bond for recreation and receives additional public input.
- 2015 Fall: Based on public input, the Mayor and Council elected not to pursue a GO bond for recreation.
- 2016 January: Demand-based pricing structure, approved by the Council in conjunction with the FY 2016 budget, goes into effect.
- 2016 May: Council discussion of FY 2017 Golf Fund budget proposal.

Attachement C4. Salt Lake City Council Recommendations to the Administration: Options to Address Long-Term Golf Fund Issues

Motion adopted by the Council on February 23, 2015

1. Transfer Wingpointe Golf Course operations to the Airport immediately and encourage the Airport to continue to operate it as a golf course, an attractive entry way and a potential revenue producer for the Airport's otherwise vacant property.
2. Close Glendale Golf Course and repurpose for other open space uses.
3. Consider legal options to repurpose Nibley Golf Course.
4. Initiate a bond proposal this fall to ask voters to fund comprehensive improvements to regional trails and open space, including transitioning closed golf courses and the former Jordan Par-3 course. Ideally, the bond would be comprehensive enough to provide resources to address a variety of uses, incorporating foothills and integrating trail systems to create a unique park connection system. The Council encourages the Administration to determine uses through a public engagement process throughout the summer.
5. Incorporate secondary water as part of bond for all golf courses and potentially all parks. If a bond is not successful, the general fund would cover the installation costs of secondary water.
6. Allow Glendale and Nibley, if applicable, to remain open for golf until new uses are shovel ready. General Fund would provide any needed subsidy in the interim.
7. Forward two Request for Proposal (RFP) recommendations that the Council look at either/or:
 - a. an RFP to manage the entire golf system;
 - b. an RFP to hire a game-changer to oversee the Golf Fund;
 - c. not issuing an RFP.

Attachment C6. Costs related to Wingpointe since closure, November, 2015

Calendar year	Item	Amount	Funding
2016	Basic maintenance	\$61,781	<i>FY17 Mayor's Recommended Budget</i>
	Property lease	\$67,500	FY17 Budget Amendment #6
2017	Basic maintenance	\$61,781	<i>FY18 Mayor's Recommended Budget</i>
	Property lease	\$72,500	FY18 Budget Amendment #1
2018 (part-year)	Basic maintenance	<i>not requested</i>	
	Property lease	\$77,500	FY18 Budget Amendment #1
TOTAL		\$341,062	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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