

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS – FISCAL YEAR 2003-04

DATE: May 27, 2003
SUBJECT: **GOLF ENTERPRISE FUND**
STAFF REPORT BY: Michael Sears
CC: Rocky Fluhart, David Nimkin, Rick Graham, Kevin Bergstrom,
Steve Wetherell, Greg Davis, Steve Fawcett, Laurie Dillon,
DJ Baxter

The City has provided golf facilities for over 80 years. The main policies that guide the division are to offer an accessible, reasonably priced, recreational opportunity to all sections of the golfing public and to preserve open spaces in an urban setting. Golf participants pay fees that underwrite the cost of providing these services. The Council traditionally sets golf fees at a level necessary to ensure the long-term financial stability of the Golf Fund while maintaining the golf program's competitiveness within the market.

The budget for fiscal year 2003-2004 is proposed to increase by \$135,386 or 1.6% over fiscal year 2002-2003.

GOLF ENTERPRISE FUND PROPOSED BUDGET				
	Adopted 2002-2003	Proposed 2003-2004	Difference	Percent Change
Revenue & other sources				
Green fees	\$5,073,726	\$5,294,839	\$221,113	4.4%
Golf car and club rental	1,902,632	2,004,935	102,303	5.4%
Retail sales	823,180	709,500	(113,680)	(13.8%)
Driving range fees	434,257	425,827	(8,430)	(1.9%)
Concessions	134,598	115,930	(18,668)	(13.9%)
Advertising fees		110,000	110,000	
Intergovernmental revenue	50,000	0	(50,000)	(100%)
Interest income	50,000	41,200	(8,800)	(17.6%)
Miscellaneous	39,859	26,763	(13,096)	(32.9%)
Appropriation of reserves	85,355		(85,355)	(100.0%)
Total revenue & other sources	\$8,593,607	\$8,728,993	\$135,386	1.6%
Expenses & other uses				
Operating expenses	\$6,592,342	\$7,114,072	\$521,730	7.9%
Debt and interest	1,051,068	1,211,180	160,112	15.2%
Capital outlay	950,197	399,999	(550,198)	(57.9%)
Increase of reserves		3,742	3,742	
Total expenses & other uses	\$8,593,607	\$8,728,993	\$135,386	1.6%

POTENTIAL MATTERS AT ISSUE

The major changes reflected in the proposed budgets for the Golf Course Fund include:

- User fees – The user fees for individuals playing golf at the City courses are proposed to increase. The increases only affect Forest Dale, Glendale, Rose Park, Jordan River Par-3, Mountain Dell Lake and Canyon, Wingpointe and Bonneville. Nibley Golf Course fees are not proposed to increase. Jordan River Par-3 is proposed to increase by \$.50 per 9-Hole round, and other course fees are proposed to increase by \$1.00. These increases apply to regular golfers and senior golfers. Junior golfers have an increase of \$.50 at all City golf courses. The attached ordinance lists the specific fee proposal.
- Weekend Twilight / Off-Peak Discounts – The Administration has included several different fee proposals to encourage play during the twilight hours and off-peak times of the week. The attached ordinance lists the specific fee proposal.

Season pass surcharge – The Administration is continuing the policy of phasing out the Season Golf Passes. After December 31, 2003 individuals who are neither junior nor senior golfers will not be able to purchase a season pass. Season passes will still be available to seniors who have held passes continuously for the past several years (since the beginning of the phase-out). Passes will continue to be available for junior golfers. Season pass holders can not use the passes on Fridays through Sundays, on legal holidays or for group reservation play. The Golf Enterprise Fund operates without assistance from the General Fund. All operating and capital expenditures are funded by user fees. User fees are proposed to increase an average of 8% in fiscal year 2003-2004, 5% in 2005-2006 and 5% in 2007-2008.

The demand for paid 9-hole equivalent golf rounds is anticipated to remain steady at approximately 475,000 to 525,000 rounds per year. Nationwide, there is an overabundance of golf courses and a flat consumer demand. Locally, the increase in golf courses has been greater than the increase in population to play the courses. Salt Lake City's golf rounds have remained stable amid this overbuilding of competing golf courses.

There are two significant factors that are contributing to increased operating expenses for the Golf Enterprise Fund; higher water rates and increased personnel costs (no addition of positions, merely from the usual cost-of-living adjustments, rising pension and health insurance costs, etc.). The Golf Division is addressing inequities within compensation plans for the 100 and 200 series golf employees. A one-time budget expense of \$80,000 has been included in the budget to address the seasonal and seven-day-a-week aspect of the division.

The Golf Division is continuing the implementation of the Golf Marketing Plan and is following the advertising, marketing, and discount programs identified in the plan.

Additional Information

FIVE-YEAR BUSINESS PLAN

The Department of Public Services prepared a five-year business plan for the Golf Fund in 2001 to help guide the budgeting process and provide a means for management to better evaluate overall department performance. The business plan identifies goals and objectives of the Department. The plan was updated for fiscal year 2003-2004 to include targets through fiscal year 2008-2009. In order to assist the Council in evaluating progress, Council staff has attached the Golf portion of the Administration's 6 Year Business Plan.

MARKETING PLAN

In 2002, the Golf Fund prepared a marketing plan with the following goals and objectives:

1. Establish a Frequent Player Discount Card program that rewards golfers that play Salt Lake City courses on a regular basis.

Results/steps taken:

- Nearly 2,400 new Frequent Player Discount cards were sold in calendar year 2002.
- More than 75,000 9-hole equivalent rounds were played by FPD cardholders. This equates to 16% of all paid rounds that were played on City courses.
- Response from FPD card holders has been overwhelmingly positive.

2. Develop a marketing program targeted at Salt Lake area businesses that do a significant amount of corporate entertaining and "business golf."

Results/steps taken:

A Corporate Voucher program has been fully developed and is being released to the public beginning June 2003. The program provides local businesses with a means to save up to 30 percent on business-related golf. The goal of this program is to provide incentives to local businesses to direct their business golf activities to City courses.

3. Follow up after corporate golf tournaments to attempt to reserve return bookings in the following season.

Results/steps taken:

Each course is in the process of creating an accessible database of current and past corporate tournament participants to employ for this purpose. In addition, the Golf Division is currently working with its interested food concessionaires to coordinate a joint marketing effort to solicit and capture additional corporate tournaments.

4. Establish a hotel voucher program to provide a discount incentive to visitors staying in area hotels.

Results/steps taken:

- A Hotel Voucher program is currently being promoted to area hotels. The program offers a \$5 discount on 18 holes of golf to the contracting hotel.
 - Marketing, including mailing packages and phone follow-ups, is ongoing to future convention event participants listed by the Salt Lake City Visitors and Convention Bureau.
5. Development of four introductory programs targeting juniors, young women, women, and minorities. Provide beginning young women golfers in the City's junior program a comfortable learning environment by placing them with members of their own peer group under the guidance of a female golf instructor. Partner with the Sorenson Multi-Cultural Center, the University of Utah, and other organizations to develop a youth outreach program involving golf. Participate in The First Tee program. Partner with the Utah High School Activities Association to develop a program designed to introduce young women (ages 14-18) to golf.

Results/steps taken:

Junior Golf The City has completely revised its Junior Golf program and has now partnered with the Salt Lake County to develop a jointly-operated program to benefit all the junior golfers in the area. The joint goal for the City and County is to create an "all-encompassing" junior golf program for all levels of junior golfers, with the following areas of emphasis:

- Clinics – for beginning golfers – 1 1/2 hour clinics for 4 consecutive days with an 8-1 instructor to student ratio.
- Camps – for more advanced golfers – 4 hours of instruction for 4 consecutive days with 5-1 instructor to student ratio.
- Leagues – to transition student golfers from instructional phase to playing.
- Tournaments - competitive 9 and 18-hole tournaments, which will rotate from City to County courses throughout the summer.

Women's Golf The City now employs two full-time salaried female assistant golf professionals. They are leading a series of female-only, female-instructed golf introduction clinics which are now underway and will run throughout the summer.

For more advanced players, the City is also offering a number of women-only instruction clinics throughout the summer. The City is also now offering several couples clinics and leagues, in addition to the long-established women's leagues.

At-Risk Youth and Minorities

- The City has entered into an agreement with Youth On Course, Inc., a non-profit 501(c) (3) corporation, to implement and manage Utah's initial First Tee program at the Rose Park and Jordan River Par-3 golf facilities.
 - The focus of the First Tee program is to promote the game of golf to youth, particularly to disadvantaged and minorities, and to teach life skills to the students using the game's inherently positive values, such as honesty, integrity, respect, discipline, confidence and sportsmanship.
 - In an ongoing program now several years old, Glendale Golf Course provides a popular golf instructional program for "at-risk" youth and minorities every summer, jointly coordinated with the Sorenson Multi-Cultural Center.
 - Last season, the Golf Division partnered with the Sorensen Multi-Cultural Center, the University of Utah and other contributing organizations to sponsor a youth outreach program intended to teach "at-risk" ninth-grade students from West High School various life skills using positive adult mentoring coupled with golf as a teaching vehicle.
6. Develop and refine a full sponsorship package. Evaluate, submit bid proposal, purchase and install necessary sponsorship items by spring of 2003. Fill 40% of program offering by January 2003. Fill 90% of program offering by January 2004.

Results/steps taken:

An on-course sponsorship package has been under development for the past year:

- One hundred and fifty benches have been purchased and are in place at all City courses.
- One hundred and thirty-five tee signs have been ordered and should be installed on all courses by the end of July 2003.
- Scorecards have been completely redesigned and a bid for printing them has been finalized in anticipation of the addition of a sole sponsor.
- A sponsorship contract has been developed and completed.

- Policies and guidelines for on-course advertising are currently being reviewed by the Attorney's Office and should be implemented in the near future.
7. Create a new Internet site devoted to marketing the Division's golf program.

Results/steps taken:

- A new web site, www.slc-golf.com, was developed by the Golf Division and has been in continuous use since April 2002.
 - A new online tee-time reservation system has been developed for this web site in cooperation with the reservation system software provider and has been in operation since mid-April of 2003.
8. Develop on-course advertising opportunities.

Results/steps taken:

Promotion of these opportunities is ongoing in tandem with the steps indicated in item number 6 related to the sponsorship package development.

AUDIT REPORT

The Council's contract auditor has audited the Golf Program. The audit has been reviewed by the Administration and will be available within the next few days.

LEGISLATIVE INTENT STATEMENTS

No legislative intent statements are outstanding for the Golf Course Fund.

During the briefing on the proposed budget, the Council may wish to identify legislative intents relating to the Golf Division of the Public Services Department.