

SALT LAKE CITY COUNCIL STAFF REPORT
BUDGET ANALYSIS – FISCAL YEAR 2006-07

DATE: May 18, 2006
SUBJECT: **GOLF ENTERPRISE FUND**
STAFF REPORT BY: Jennifer Bruno, Budget & Policy Analyst
CC: Rocky Fluhart, Sam Guevara, Rick Graham, Kevin Bergstrom,
Greg Davis, Steve Fawcett, DJ Baxter

GOLF ENTERPRISE FUND PROPOSED BUDGET				
	Adopted 2005-06	Proposed 2006-07	Difference	Percent Change
Revenue & other sources				
Green fees	\$ 4,798,629	\$ 4,912,236	\$ 113,607	2.4%
Cart rental	1,885,224	1,787,600	(97,624)	-5.2%
Retail sales	701,043	731,100	30,057	4.3%
Marketing-Related Revenue	-	50,000	50,000	-
Target				
Driving range fees	329,965	316,000	(13,965)	-4.2%
Concessions	153,248	145,050	(8,198)	-5.3%
Other Golf Fees	66,324	71,250	4,926	7.4%
Advertising fees	58,840	40,000	(18,840)	-32.0%
Interest income	33,219	35,000	1,781	5.4%
Miscellaneous Leases/Rental Revenue	26,763	29,163	2,400	9.0%
Season passes	19,904	184,800	164,896	828.5%
Other	7,260	100	(7,160)	-98.6%
Appropriation of reserves	11,618	207,732	196,114	1688.0%
Total revenue & other sources	\$ 8,092,037	\$ 8,510,031	\$ 417,994	5.2%
Expenses & other uses				
Operating & Maintenance				
Personal Services	\$ 3,653,018	\$ 3,809,502	\$ 156,484	4.3%
Materials and Supplies	1,131,327	1,267,850	136,523	12.1%
Other (Charges/Services/Fees, Admin Service Fee, PILOT, Intradepartmental Chgs, Water, Fuel, Utilities)	2,207,982	2,261,135	53,153	2.4%
Capital outlay	120,800	218,500	97,700	80.9%
Debt Related				
Debt/Interest Charges	978,911	953,044	(25,867)	-2.6%
Total expenses & other uses	\$ 8,092,038	\$ 8,510,031	\$ 417,993	5.2%

The City has provided golf facilities for over 80 years. The City owns and operates eight golf facilities. 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 2006-07 is proposed to increase by \$417,993 or 5.2% over fiscal year 2005-06, for a total expense budget of \$8,510,031. Of this, \$953,044 is dedicated to debt and interest charges.

KEY ELEMENTS

- A. Shift in Personal Services from Full-time positions to Part-time positions – The Administration is proposing a shift in the hourly/seasonal staffing balance in an effort to reduce costs and align staffing more closely with operations. The proposal includes 1 permanent elimination of an office tech, and the shift of 14 full-time positions to seasonal positions. (4 Pro Shop Starters shift to seasonal, 1 Pro Shop Starter moved to Assistant Pro position, 10 Groundskeepers shift to seasonal). Currently these positions are 100 Series employees and receive full benefits and health insurance.
- In April of 2005 the Council was presented with a plan to make these employees a separate “class” of full-time, salaried employee, to eliminate the “comp time” issue (see below for review of this issue). The Council briefly discussed the issue and asked the Administration to provide further information, specifically how other City’s pay and manage budgets for their programs. During this time, the Administration decided to step back on the issue, and re-evaluate the situation once the new Golf Manager was hired. After re-evaluation, the Administration believes that this current proposal would increase operational efficiency.
 - According to the Mayor’s proposed budget this would save approximately \$364,624 annually in salaries/wages and benefits. The initial year of savings would likely be lower, as the major shift would occur mid-fiscal year, and one-time payouts for comp time would be necessary. **See Attachments B & C** for a breakdown of all staffing changes and their net costs and savings. The total savings for all of the staffing changes proposed (including the addition of positions, and paying the shifted employees at a higher rate than normal seasonal employees), is \$130,712 in FY 2007 and \$347,021 in FY 2008.
 - These employees have voiced concern about health care benefits and the likelihood that the quality of maintenance at the golf courses would decline. They have communicated to staff that it would be hard to keep the knowledge and skill level constant from year to year if the employees were only seasonal.
 - There are currently 3 facilities with more than one non-superintendent full-time groundskeeper – Bonneville, Mountain Dell, and Rose Park (all with 2). Mountain Dell and Rose Park both have in essence two facilities in one (Rose Park with the Jordan River Par 3).

- B. Other Elimination of Positions – The Administration is proposing eliminating 1.64 part-time “Marshalls.” Marshalls primarily patrol the pace of play to ensure a positive playing experience for every player on the course. The current staffing level does not adequately serve this purpose for all 9 City courses. The Administration is proposing shifting this responsibility to volunteers. The Council may wish to clarify that the Administration has had sufficient interest in volunteering to ensure that these positions would be filled.
- C. Additional Positions – The Administration is proposing adding the following positions:
- Golf Professional - 1.0 FTE – This golf professional would be at Forest Dale and Nibley Park. This would allow each 18 hole facility to have one PGA professional per facility. The Administration has communicated to Council Staff that Golf Professionals are beneficial to the City golf system and necessary in order to fulfill what is needed in marketing and player development roles.
 - Assistant Golf Professional – 1.0 FTE – This assistant golf professional would be supplementing operations at Mountain Dell. Mountain Dell currently has 1 Golf Professional and 1 Assistant Golf Professional, but because of the volume of play at the two 18-hole facilities, an additional assistant golf professional is needed. This employee would also serve to help the Westside golf courses that are still open in the winter months, when Mountain Dell is typically closed. This employee would likely be hired from the group of Golf Starters that are shifting from full-time to seasonal.
 - Driving Range coverage – 0.56 FTE – This would provide additional “rangers” at Nibley and Mountain Dell to assist in maintenance and operations of the driving ranges.
- D. Reclassification of positions – The Administration is proposing reclassifying 8.0 FTE Assistant Superintendents from series 119 employees to series 307 employees, and 3.0 FTE Golf Course Maintenance Workers from 118 employees to series 306 employees. This would have no immediate budget impact, however each yearly step increase would likely be higher than their current yearly increases, as they would follow the rest of the City in terms of salary increases.
- E. Revenue – **Attachment D** shows a yearly breakdown of revenues and expenditures, as well as a forecast of potential revenues and expenditures, should the proposed budget be approved. Revenues are budgeted to increase 5.1% (\$403,000) this coming fiscal year, and increase by 3.5% in the following fiscal year.
- F. Green Fees – The Administration is proposing to increase three of the green fees for the 9-hole courses. These changes would be effective January 1, 2007. Forest Dale’s green fee will increase from \$11 to \$12 for 9 holes, to bring it in line with fees at Glendale and Rose Park. The fees for 9 holes at Bonneville and Mountain Dell will increase from \$13.50 to \$15.00, to bring it in line to Old Mill Golf Course (owned by Salt Lake County). The Administration has communicated that this is the primary competition for these two courses. The Council may wish to clarify how increasing the fees at these two courses will affect their competitive position. The following tables detail the proposed green fees (changes are in boldface).

Greens Fees - Weekdays excluding Holidays

Course	Regular		Senior		Junior	
	9-holes	18-holes	9-holes	18-holes	9-holes	18-holes
Bonneville	\$ 15.00	\$ 27.00	\$ 12.00	\$ 21.00	\$ 7.00	\$ 14.00
Forest Dale	\$ 12.00	n.a.	\$ 10.00	n.a.	\$ 7.00	n.a.
Jordan River Par-3	\$ 6.00	n.a.	\$ 5.00	n.a.	\$ 5.00	n.a.
Glendale	\$ 12.00	\$ 24.00	\$ 10.00	\$ 20.00	\$ 7.00	\$ 14.00
Mountain Dell Lake	\$ 15.00	\$ 27.00	\$ 12.00	\$ 21.00	\$ 7.00	\$ 14.00
Mountain Dell Canyon	\$ 15.00	\$ 27.00	\$ 12.00	\$ 21.00	\$ 7.00	\$ 14.00
Nibley Park	\$ 10.00	n.a.	\$ 8.00	n.a.	\$ 7.00	n.a.
Rose Park	\$ 12.00	\$ 24.00	\$ 10.00	\$ 20.00	\$ 7.00	\$ 14.00
Wingpointe	\$ 13.50	\$ 27.00	\$ 10.50	\$ 21.00	\$ 7.00	\$ 14.00

Greens Fees - Weekends and defined Holidays

Course	Regular		Senior		Junior	
	9-holes	18-holes	9-holes	18-holes	9-holes	18-holes
Bonneville	\$ 15.00	\$ 27.00	\$ 15.00	\$ 27.00	\$ 15.00	\$ 27.00
Forest Dale	\$ 12.00	n.a.	\$ 12.00	n.a.	\$ 12.00	n.a.
Jordan River Par-3	\$ 6.00	n.a.	\$ 6.00	n.a.	\$ 6.00	n.a.
Glendale	\$ 12.00	\$ 24.00	\$ 12.00	\$ 24.00	\$ 12.00	\$ 24.00
Mountain Dell Lake	\$ 15.00	\$ 27.00	\$ 15.00	\$ 27.00	\$ 15.00	\$ 27.00
Mountain Dell Canyon	\$ 15.00	\$ 27.00	\$ 15.00	\$ 27.00	\$ 15.00	\$ 27.00
Nibley Park	\$ 10.00	n.a.	\$ 10.00	n.a.	\$ 10.00	n.a.
Rose Park	\$ 12.00	\$ 24.00	\$ 12.00	\$ 24.00	\$ 12.00	\$ 24.00
Wingpointe	\$ 13.50	\$ 27.00	\$ 13.50	\$ 27.00	\$ 13.50	\$ 27.00

Note: Defined holidays include Memorial Day, Independence Day, Pioneer Day, and Labor Day.

G. Season Pass Program – Previously, the Administration had been phasing out season passes. There were concerns regarding abuse of the peak times and number of golf rounds played. The proposed season pass program is priced and restricted to help address these concerns, while at the same time encouraging the people who regularly play golf at Salt Lake City courses, to continue to do so. Attached is a table detailing the different season pass plans and their various restrictions (**See Attachment A**).

- Revenues were calculated using a conservative estimate of the utilization of these plans, given that most will not be “useful” to the average golfer this calendar year. The Administration estimates that usage will dramatically increase once a golfer can purchase the plan before the start of the golf season.
- The Council may wish to consider giving the Administration direction with regard to the proposed Season Pass program, particularly the Junior Season Pass program (as many junior season passes are summer specific). If the Council is supportive of the program, and intends to eventually adopt

at least part of the ordinance, the Division can start preparing advertising and marketing materials to implement the program immediately if the ordinance is adopted. This would increase the benefit for golfers, particularly for junior golfers, who would like to utilize the program this summer.

- H. Resident discounts – Council staff has inquired with the Administration as to the justification for or arguments against discount pricing for City residents. The Administration has communicated that very few jurisdictions offer this type of service, usually because they are already subsidizing golf courses so heavily that they need every effort to recoup costs. Park City offers this discount pricing. However, their costs are most likely recouped with the large tourist base, and higher prices for non-resident play. St. George has recently ended their residential discount program, specifically because it was not financially beneficial to the courses.
- I. Capital Outlay – The Administration is proposing to increase the capital outlay budget by \$97,700, or 81%, to recover from the FY 2006 budget, where capital outlay was reduced by 71%. Additional monies will be available in fiscal year 2008/2009, as debt service payments for the Golf bonds will expire.
- J. Water – The budget for water has decreased by \$32,033, or -3% in the proposed budget. The Council may wish to inquire if this is due to irrigation/conservation effectiveness, or other factors.

POTENTIAL MATTERS AT ISSUE

1. Golf Employee Compensation Plan – On April 7, 2005, the Council was presented with a substitute compensation plan for Golf Employees, that would build in more “salaried” employees, thereby increasing budgeting predictability by reducing overtime. This proposal was put on hold through last year’s budget process, and further on hold until after the new Golf Division Manager was hired and could weigh in with their opinions and recommendations. The Council may wish to revisit this issue, as it presents continual issues during the budgeting process (with respect to comp time accrual and payout over the season). If any Council Members would like additional information about this previous proposal, please contact Council Staff.
2. Rounds – Locally, the increase in golf courses has been greater than the increase in population to play the courses. Salt Lake City’s golf rounds for calendar year 2005 of 459,708 represents a decrease of 3.7% over 2004 (an improvement over the 9% decrease seen between 2003 and 2004). The number of courses in the greater Salt Lake region continues to present an issue in terms of rounds played. Over the past few years supply has exceeded demand. It is likely that this trend will continue.
3. Marketing Plan – The Golf Division has drafted a new strategic plan with over 200 initiatives relating to marketing, promotion, customer service, and player development. The Administration is currently finalizing this plan (requested through the Council’s legislative intent – see below) and will share it with the Council once it is complete. It has been shared in draft form with the Golf Advisory Board, which will submit their written comments to the Council in time for the budget briefing. The Administration’s legislative intent response had

indicated that this information would be shared as a part of the budget. While the season pass program is part of the proposed budget, the context of the marketing and business plan has not yet been finalized and transmitted to the Council.

4. Capital Improvements – Investment in capital improvements has been steadily declining as the Golf Division has been faced with mounting costs.
5. Audit – The Audit subcommittee has in the past discussed the potential of initiating a Golf audit, and has reviewed a preliminary scope of inquiry. The Council may wish to discuss this further, and decide whether or not to recommend an audit be performed.

LEGISLATIVE INTENT STATEMENTS

- A. In the Fiscal Year 2005-06 budget process, the Council adopted the following legislative intent statement with regard to the Golf Course Fund:
 - “It is the intent of the City Council that the Administration explore the option of providing junior golf passes during off-peak hours for City golf courses.” (Intent #A1, response discussed as part of Mayor’s proposed budget)
 - Administration’s Response: The Golf Division is currently finishing a business plan which includes various initiatives (including a pass program) designed to increase participation by junior golfers. This pass program will be presented as part of the FY 2006-07 Mayor’s Recommended budget.
- B. *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.*

SIX YEAR BUSINESS PLAN

The following has been identified as specific and likely future changes to budget and/or staffing of the Golf Division, as outlined in the Six Year Business Plan (Note: The Department’s Six Year Business Plan was written in fiscal year 2004):

- Fees are scheduled to increase by 5% in FY 2007-08, in order to keep pace with projected growth in expenses, relatively flat demand, and over-supplied market.
- Personal services expenses are projected to increase an average of 4% per year over the next six years.
- Water expenses are expected to increase as City water rates increase (9% in FY 2005).
- Other expenses are anticipated to increase 2.5% annually.
- Retirement of debt service obligation in FY 2008 will free up \$694,000 per year for other large capital improvement projects.

Attachment A**Proposed Season Pass Programs**

Program Name	Courses	Days Allowed	Price
ADULT PASSES			
Par Pass (Weekday 5-course)	Forest Dale, Glendale, Jordan River, Nibley, Rose Park	Mon-Thurs, Friday before noon (No Holidays)	\$895 (adult), \$715 (senior)
Birdie Pass (Weekday 9-course)	Bonneville, Forest Dale, Glendale, Jordan River, Mountain Dell Lake & Canyon, Nibley, Rose Park, Wingpointe	Mon-Thurs, Friday before noon (No Holidays)	\$1,095 (adult), \$875 (senior)
Eagle Pass (Unlimited 5-course)	Forest Dale, Glendale, Jordan River, Nibley, Rose Park	Any time 7 days a week (including holidays)	\$1,295 (adult), \$1,035 (senior)
Double-Eagle Pass (Unlimited 9-course)	Bonneville, Forest Dale, Glendale, Jordan River, Mountain Dell Lake & Canyon, Nibley, Rose Park, Wingpointe	Any time 7 days a week (including holidays)	\$1,695 (adult), \$1,355 (senior)
JUNIOR PASSES (under 17 only)			
Junior Par Pass (May-August 5-course)	Forest Dale, Glendale, Jordan River, Nibley, Rose Park	May 1 - August 31 - Mon-Thurs, Friday before noon, Saturday and Sunday after noon (No Holidays)	\$ 250
Junior Birdie Pass (May-August 9-course)	Forest Dale, Glendale, Jordan River, Mountain Dell Lake & Canyon, Nibley, Rose Park, Wingpointe	May 1 - August 31 - Mon-Thurs, Friday before noon, Saturday and Sunday after noon (No Holidays)	\$ 375
Junior Eagle Pass (Annual 5-course)	Forest Dale, Glendale, Jordan River, Nibley, Rose Park	May 1 - August 31 - Mon-Thurs, Friday before noon, Saturday and Sunday after noon (No Holidays); September 1 - April 30 - After noon Mon - Thurs, and Saturday and Sunday	\$ 495
Junior Eagle Pass (Annual 9-course)	Forest Dale, Glendale, Jordan River, Mountain Dell Lake & Canyon, Nibley, Rose Park, Wingpointe	May 1 - August 31 - Mon-Thurs, Friday before noon, Saturday and Sunday after noon (No Holidays); September 1 - April 30 - After noon Mon - Thurs, and Saturday and Sunday	\$ 695

Attachment B

Detail of Proposed Staffing Changes

Fiscal Year 2006-07 Position Titles	Grade	2004-05	2005-06	2006-07	Changes from FY 2005-06 to FY 2006-07
Golf Manager	611	1.00	1.00	1.00	
Golf Professional	609-610	5.00	5.00	6.00	New position
Golf Marketing Manager	606	1.00	1.00	1.00	
Golf Course Suprntndnt - 27 to 36 holes	604	2.00	2.00	2.00	
Golf Course Superintendent--18 holes	603	4.00	4.00	4.00	
Accountant III	312	0.90	1.00	1.00	
Assistant Golf Professional	307	7.00	7.00	8.00	New position
Assistant Golf Course Superintendent	307	0.00	0.00	8.00	Reclassified from Asst GC Superintendent (119)
Office Faciliator II	307	1.00	1.00	1.00	
Golf Course Irrigation/Maintenance Technicians	306	0.00	0.00	3.00	Reclassified from GC Maintenance Workers (118)
Office Tech II	219	2.00	1.00	0.00	Position eliminated
Golf Starter	213	5.00	5.00	0.00	Positions eliminated, changed to seasonals
Equipment Mechanic Supervisor	123	1.00	1.00	1.00	
Equipment Mechanic I and II	115-119	2.00	2.00	2.00	
Assistant Golf Course Superintendent	119	8.00	8.00	0.00	Reclassified to Asst GC Superintendent (307)
Golf Course Maintenance Worker	118	4.00	3.00	0.00	Reclassified to GC Irrigation/Maintenance Tech (306)
Golf Course Groundskeeper	114	11.00	10.00	0.00	Positions eliminated, changed to seasonals
PT/Office Tech		0.00	0.89	0.89	
PT/Pro Shop (Starter, Marshall, Range)		20.97	20.97	23.64	Includes positions changed from full-time to seasonals
PT/Groundskeeper & Waterer		20.37	20.37	30.62	Includes positions changed from full-time to seasonals
PT/Equipment Mechanic		0.69	0.69	0.69	
Golf Division Total		75.96	94.92	93.84	
Full Time		54.90	52.00	38.00	
Part Time		21.06	42.92	55.84	

Attachment C
STAFFING DOCUMENT
RECONCILIATION OF ALL CHANGES
GOLF DEPARTMENT

	FT	PT	All	Additional notes
Current FY figures - originally adopted	52.00	42.92	94.92	
Office Tech II - eliminate position	(1.00)		(1.00)	
Golf Starters FT to seasonal	(5.00)	3.75	(1.25)	
Asst Golf Professional - new position	1.00		1.00	
Driving range, carts, etc. - increased coverage		0.56	0.56	Additional rangers, etc. at Nibley, Mountain Dell
Golf Professional - new position	1.00		1.00	1/2 Forest Dale, 1/2 Nibley
Marshalls		(1.64)	(1.64)	Will use volunteers
Groundskeepers FT to seasonal	(10.00)	10.00	-	All courses
Groundskeeper - increased coverage		0.25	0.25	Forest Dale
Reclass Asst Superin. (119 to 307)	(8.00)		(8.00)	
Reclass Asst Superin. (119 to 307)	8.00		8.00	
Reclass GC Maint Wrkrs (118 to 306)	(3.00)		(3.00)	To GC Irrigation/Maint Tech (306)
Reclass GC Maint Wrkrs (118 to 306)	3.00		3.00	
Recommended budget for next year	<u>38.00</u>	<u>55.84</u>	<u>93.84</u>	

Attachment C
STAFFING DOCUMENT
RECONCILIATION OF ALL CHANGES
GOLF DEPARTMENT

	IMPACT ON FY07					FY08 Base	FT to Seasonal
	Full Time	Part Time	All	Payouts	Savings		
Current FY figures - originally adopted							
Office Tech II - eliminate position	(25,446)		(25,446)	3,352	(22,094)	(50,892)	
Golf Starters FT to seasonal	(191,303)	70,101	(121,202)	16,854	(104,348)	(121,202)	(121,202)
Asst Golf Professional - new position	38,052		38,052	-	38,052	38,052	38,052
Driving range, carts, etc. - increased coverage		12,330	12,330	-	12,330	12,330	
Golf Professional - new position	73,510		73,510	-	73,510	73,510	
Marshalls		(22,104)	(22,104)	-	(22,104)	(22,104)	
Groundskeepers FT to seasonal	(371,104)	186,236	(184,868)	74,051	(110,817)	(281,474)	(281,474)
Groundskeeper - increased coverage		4,759	4,759	-	4,759	4,759	
Reclass Asst Superin. (119 to 307)			-	-	-	-	
Reclass Asst Superin. (119 to 307)			-	-	-	-	
Reclass GC Maint Wrkrs (118 to 306)			-	-	-	-	
Reclass GC Maint Wrkrs (118 to 306)			-	-	-	-	
Recommended budget for next year	(476,291)	251,322	(224,969)	94,257	(130,712)	(347,021)	(364,624)

ATTACHMENT D

**Salt Lake City Golf Division
Projection of Operations - Cash Basis**

D R A F T

	Actual FY-05	Projected FY-06	Dept proposed Budget FY-07	Projected FY-08	Projected FY-09	Projected FY-10	Projected FY-11	Projected FY-12
Revenue								
Green Fees	4,543,923	\$ 4,700,000	\$ 4,877,900	\$ 4,927,000	\$ 4,976,000	\$ 5,026,000	\$ 5,076,000	\$ 5,127,000
Golf Car Rental (January 2010 \$7/\$14 fee)	1,624,874	1,750,000	1,763,000	1,781,000	1,799,000	1,890,000	1,909,000	1,928,000
Driving Range Fees	309,807	315,000	316,000	322,000	328,000	335,000	342,000	349,000
Merchandise Sales	710,631	706,000	731,100	738,000	745,000	752,000	760,000	768,000
Concessions	145,608	153,248	145,050	147,000	148,000	149,000	150,000	152,000
Miscellaneous Revenue	197,879	275,182	210,113	214,000	218,000	222,000	226,000	231,000
Marketing efforts of pro shop staff	-	-	100,000	150,000	150,000	150,000	150,000	150,000
Impact of fee increases on January 2007	-	-	34,336	70,000	70,000	70,000	70,000	70,000
Impact of fee increases on January 2009	-	-	-	-	125,000	250,000	250,000	250,000
Impact of fee increases on January 2012	-	-	-	-	-	-	-	125,000
Impact of New Junior Season Pass Program (July 1, 2006)	-	-	38,100	40,000	40,000	40,000	40,000	40,000
Impact of New Adult season Pass program (July 1, 2006)	-	-	136,700	200,000	200,000	200,000	200,000	200,000
Impact on current revenue due to new initiatives	-	-	(50,000)	-	-	-	-	-
Total Revenue	7,532,722	7,899,430	8,302,299	8,589,000	8,799,000	9,084,000	9,173,000	9,390,000
			1.0%		3.5%			
Expenses								
Operating Expenses	2.7%	4.8%	4.2%	4.0%	4.0%	4.0%	4.0%	4.0%
Personal Services	3,531,200	3,700,018	3,987,212	4,011,000	3,811,000	3,963,000	4,122,000	4,287,000
Impact of changes in staffing	-	-	(130,712)	(347,000)	incl.	incl.	incl.	incl.
O&M Supplies	1,169,665	1,147,883	1,267,851	1,293,000	1,319,000	1,345,000	1,372,000	1,399,000
Charges and Services	1,602,113	1,865,435	1,957,136	2,016,000	2,076,000	2,138,000	2,202,000	2,268,000
Transfers out, PILOT, Gnrl Fund, & PS Dept. costs	307,196	252,334	257,000	267,000	278,000	289,000	301,000	313,000
Total Operating Expenses	6,610,174	6,965,670	7,338,487	7,240,000	7,484,000	7,735,000	7,997,000	8,267,000
Net Operations before Capital and Debt Service	922,548	933,760	963,812	1,349,000	1,315,000	1,349,000	1,176,000	1,123,000
Capital Outlay and Debt Service								
Capital Outlay (non-financed) - Equip. and Facilities	66,401	49,652	218,500	250,000	250,000	250,000	250,000	250,000
Debt Service for course construction, irrigation systems	718,143	694,544	693,795	693,795	300,000	300,000	300,000	300,000
Debt Service for Equipment	491,516	259,247	259,249	509,247	250,000	550,000	300,000	300,000
Total Capital Outlay and Debt Service	1,276,060	1,003,443	1,171,544	1,453,042	800,000	1,100,000	850,000	850,000
Net Operations on Cash Basis	\$ (353,512)	\$ (69,683)	\$ (207,732)	\$ (104,042)	\$ 515,000	\$ 249,000	\$ 326,000	\$ 273,000
Total Revenue	7,532,722	7,899,430	8,302,299	8,589,000	8,799,000	9,084,000	9,173,000	9,390,000
Total Expense	7,886,234	7,969,113	8,510,031	8,693,042	8,284,000	8,835,000	8,847,000	9,117,000
Net	(353,512)	(69,683)	(207,732)	(104,042)	515,000	249,000	326,000	273,000
Ending Cash Reserves	\$ 842,472	\$ 773,000	\$ 565,000	\$ 461,000	\$ 976,000	\$ 1,225,000	\$ 1,302,000	\$ 1,498,000
Three months of oper exps	\$ 1,653,000	\$ 1,741,000	\$ 1,835,000	\$ 1,810,000	\$ 1,871,000	\$ 1,934,000	\$ 1,999,000	\$ 2,067,000

Thomas E. Wright
1076 Bonneville Drive
Salt Lake City, Utah 84108
(801) 652-5700 mobile

May 15, 2006

Re: Golf Enterprise Advisory Board positions to key issues in 2007 budget

Attention: Salt Lake City Council

As the elected committee chairman of the Salt Lake City Golf Enterprise Advisory Board, I write to you concerning key issues relevant to the 2007 budget.

Since David Terry was hired as the director of the SLC Golf Division, I have witnessed Mr. Terry's passion and dedication to making golf at SLC golf courses affordable, enjoyable and competitive.

In the budget you will find 8 key changes that I wish to address.

First, the budget proposes a reduction of 16 full-time positions including 10 in maintenance, 5 in pro shops and 1 in administration. The reduction in full-time positions is intended to mirror the seasonality of golf in Salt Lake City. By reducing the number of full-time positions the fixed human resource cost will be reduced dramatically and the service won't suffer since a detailed plan is in place to utilize the remaining and sufficient full-time employees to cover the human resource needs during the traditional off-season. Simply put, SLC cannot afford to pay the current number of full-time people a year's work for a performing a consistently seasonal job.

Second, because golf in SLC has trended more to an excess of supply rather than demand, it is important that every golf course has a resident head professional to cater to the variety of clientele that each course produces. The shared head professional position for Nibley/Forest Dale with Bonneville and Glendale needs to be adjusted. By adding one professional to oversee the two adjacent 9 hole courses of Nibley and Forest Dale the city can then appoint a permanent head professional at both Bonneville and Glendale.

In the latest issue of "Fairways Magazine" (the official magazine of the Utah Golf Association), there is a feature article on Devin Dehlin, Head Professional at SL County's South Mountain Golf Course. The article stresses the importance of having a full-time PGA professional at local golf courses and what the relationship between a pro and the amateur players should be. To compete in this market, SLC golf courses must have a full-time and dedicated PGA Professional onsite and in tune with the players.

Third, the 2007 budget introduces a new adult season pass program. There is a huge difference between the proposed adult season pass program and the season pass program

that the city moved away from in previous years. In the proposed program, the season pass program is tiered to ensure that the city's premier golf courses are not losing full-priced paid rounds during their peak times and so that there is four prices of season passes that meet the needs of the diversity of SLC residents.

Season pass implementation has been one of my key initiatives for two reasons. First, the city has lost the loyal and avid players who previously only played courses where they could use their pass. Instead, these people have opted to play the different courses around the valley and we have lost their business and the business of the regular-paying friends that they used to bring. Second, the city's profit and loss statements show fixed and variable costs but only have variable and seasonal revenue to offset those expenses. By adding the adult season pass program the city adds a fixed income to the profit and loss statement that will prove to be incremental revenue instead of just discounting the current revenue. May I also note that the new adult season pass program specifically states, "Purchase price and program availability subject to change annually." This will allow the SLC golf courses to ensure that the season pass program is profitable and mutually beneficial.

Fourth, in addition to the adult season pass program a junior season pass program is proposed in the 2007 budget. Like the adult pass, the junior pass is tiered and subject to change annually. But, the junior pass may be the cornerstone of the golf division's plan to get budget deficits back. Without introducing junior golfers to the game and allowing them to feel comfortable with SLC golf facilities and personnel, the future of the game of golf is in jeopardy.

As a junior golfer, my parents purchased a pass for me to play every year. My birthday present was always the pass that allowed me to develop my game and cultivate the attributes of discipline, honor and integrity. It's time to get the juniors back out on the course. I wonder, if it were possible to do a study, what the return on investment would be though the intangible benefits of learning the game of golf in your youth? I imagine it would be huge.

Fifth, a \$1.00 green fee increase at Forest Dale and a \$1.50 green fee increase on 9-hole rounds at Bonneville and Mountain Dell as of January 1, 2007 are proposed in the budget. To be able to maintain and operate an 18-hole facility like Bonneville and Mountain Dell you need more people playing 18-holes and paying the associated fee. The golf courses cannot afford the costs of an 18-hole course on the fees of a 9-hole round. By encouraging people to play 18-holes at Bonneville and Mountain Dell the city can increase the number of rounds played thereby keeping the cost affordable to all citizens in Salt Lake City. By only increasing the fee for 9-hole rounds, the city can recover some of the opportunity cost while not punishing the 18-hole players.

Sixth, the viability of the Jordan River Par 3 course needs to be addressed immediately. Currently, there are major budget deficits at this facility that are eroding the golf division's ability to provide affordable, non-subsidized golf at the other long-standing

facilities. The budget deficit at Jordan River is significant enough to conclude that at this time, it is not viable and not something that SLC should continue to fund.

Seventh, as was previously stated, golf is oversupplied in the Salt Lake valley. This increase in competition has created a competitive advantage for the competitors of SLC golf courses in one key area – facilities. I play in at least 20 corporate golf outings every year and I haven't played one on a SLC golf course in the past 6 years.

The county's newer and more up-to-date facilities are really hurting SLC golf courses. Mountain Dell with its scenic majesty and cool canyon location should be the home to consistent corporate events, but because it cannot accommodate luncheons for enough people it is passed over for inferior golf courses and the inferior locations of South Mountain, Old Mill and Stone Bridge.

And, along with those losing those paid corporate event rounds on weekdays when our courses are not full are loses on concessions, merchandise and repeat round sales that the city competes for. There must be a focus in the next decade on improving the facilities at SLC golf courses as well as adopting an aggressive equipment acquisition program to keep SLC golf courses competitive. Currently, the facilities are inadequate to compete.

Finally, the Golf Division Strategic Plan drafted by Mr. Terry, with the help and input of many, is an innovative and passionate stance on making the golf experience at SLC golf courses affordable and enjoyable. I encourage every member to read it.

The strong emphasis on customer service, dress codes for employees and player development programs are certain to improve the competitive position of the golf courses. By addressing the personnel issues that are draining the budget, the golf division has shown its commitment to continuing to be self-sufficient and in-touch with its financial status. Changing the structure of employees is never popular, but in any business it is absolutely necessary.

By adopting the 2007 budget, the golf courses will be positioned as self-sufficient services to the taxpayers of SLC. The commitment to making the facility improvements and to change the culture of the golf division won't be easy. But, in the face of an ever-changing industry that is fiercely competitive, the changes are necessary and essential to the success of SLC golf courses.

I want you to know that I support the 2007 budget as it is presented.

Sincerely,

Thomas E. Wright