

Frequently Asked Questions

Updated June 30, 2015

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The future of SLC Golf

What steps is the City taking to help SLC Golf get back on its feet?

1. The Council is considering placing an Open Space, Parks, and Recreation bond on the ballot that could pay for installing secondary water at all golf courses. This would help SLC Golf realize the savings from irrigating with non-culinary water without the large upfront cost of installing the system.
2. SLC Golf has been compensated for the value of land transferred from its ownership and the City would follow this policy if any future transfers are made. These payments generate revenue for SLC Golf to help balance annual deficits in operating expenses and provide for large capital investments.

In 2014 and 2015, the City's general fund and Water Enterprise Fund paid the Golf Fund for Jordan River Par 3, as well as small non-playable sections of Forest Dale, Glendale, and Bonneville Golf Courses. These payments helped meet the operating deficit for those years.

The price set for each parcel is consistent with City policy and land-use practice: any land "purchase" is based on the zoning in effect at the time of the transfer. In these cases, the zoning is Open Space. No payment will be made to the Golf Fund for Wingpointe Golf Course because that land has always been owned by the Salt Lake City Department of Airports. SLC Golf has leased the site for its use.

3. Wingpointe Golf Course currently operates at a loss, so returning it to the Salt Lake City Airport immediately improves the Golf Fund's finances. The Council recommended that Wingpointe be returned to Airport management because the [Federal Aviation Administration \(FAA\) ruled](#) that its existing lease agreement was not acceptable and that the Airport would have to charge the SLC Golf substantially more to continue operation. This would only add to operating losses at Wingpointe, which reached approximately \$300,000 in FY 2014.

Can the public still make their views heard regarding potential changes to SLC Golf?

Answer: Yes! SLC Golf will operate within the fiscal year 2015-2016 Budget that was just approved, but the Council will likely take a number of additional formal actions over the course of the budget year to implement various components. Each of these actions will include an opportunity for public comment in person, and your comments are also welcome at council.comments@slcgov.com.

The next golf-related topic that the Council will consider is a potential Open Space, Parks, and Recreation bond. The Council will likely hold a public hearing in late July once the Mayor's Administration proposes the bond to the Council. You also [can sign up here](#) to receive updates on all the Council's golf-related discussions.

What does SLC Golf's budget look like for the 2015-16 fiscal year?

Answer:

SLC Golf is projected to sustain an operating loss of nearly \$600,000 according to the recently-approved City budget. New golf carts will be purchased for Bonneville and Mountain Dell to improve player experience and protect future revenues, though they do initially add to the operating deficit. Financial measures, like a new overall fee structure and closing Wingpointe halfway through the fiscal year, will take some time to result in budget improvements. In this budget the City will spend \$80,000 on consultants to help with branding, sponsorships and retail management.

SLC Golf has a separate [budget to fund capital investment projects](#), generated from a \$1-per-round fee, which cannot be used to offset operating deficits. The Council approved the Mayor's proposal to spend approximately \$1 million on golf course projects listed below:

- Bonneville driving range, \$300,000.
- Forest Dale on-course restroom, \$91,400.
- Mountain Dell patio deck extension and clubhouse renovation, \$293,700.
- Nibley on-course restroom, \$91,400.
- Rose Park, bunker renovation and ladies tee addition, \$304,600.

Course closures

How did the City arrive at the decision to close some public golf courses?

Answer: In spring 2014, the Council initiated a nearly year-long public discussion of options for SLC Golf. This decision came when the annual budget revealed significant deficits and shortfalls that were likely to worsen, despite best efforts to increase play at courses. After many years of hoping these trends would reverse, the City needed to make dramatic changes. Golf's annual operating deficit was projected to reach \$600,000 to \$800,000 per year and capital investment shortfalls had reached \$20 million. (Note: deficits are cumulative from year to year; in FY 2014 the deficit already had reached \$1.4 million.)

During the ensuing months, the Council's discussions included the following:

- o Multiple public hearings, which resulted in many hours of public testimony.
- o A public "call for ideas," which resulted in over 60 responses from private citizens and from business students at local universities. Participants were encouraged to take advantage of extensive information from the [Golf Resource Library](#). This unprecedented exercise in government transparency has continued to be updated in response to public inquiries.
- o A detailed review of [SLC Golf's financial options](#) by a specialized municipal consulting firm.
- o A Council-appointed Golf Task Force, which was made up of seven independent business and professional people—a majority of whom are avid golfers. The Task Force reviewed all the information, including the responses to the Call for Ideas, and made a [formal recommendation to the Council](#).

Based on information generated during this public process, the Council agreed with the Mayor, who stated in early 2014 that some courses would have to be closed to restore financial viability to SLC Golf.

Why wasn't the question of course closings put to a Citywide vote?

Answer: The Council considered a Citywide ballot measure or opinion poll on the future of SLC Golf, but ultimately rejected the idea because the cost would be more than \$100,000, and details of potential financial plans would be difficult to define in this format. Instead, the Council relied on extensive [recent polling done by the Salt Lake County Parks Department and Utah State University](#). Residents in the Countywide survey consistently ranked golf among their lowest priorities for outdoor activities. The results for Salt Lake City (which coincides closely with the North Planning Area in this survey) were similar. These results are similar to a [new round of polling related to the City's possible Open Space, Parks and Recreation bond](#).

Why close Glendale when there are other courses in worse financial situations?

Answer: The Council listened to many voices on what to do with the courses and considered more than just the financial performance of a particular course.

In part, Glendale Golf Course was recommended for closure because if current trends continue, today's narrow net profits would turn to losses in FY 2017, and the size of these losses will increase each year according to the [Council's financial consultant's report](#). Nevertheless, Glendale will remain open until new open space uses are determined for that land.

In addition, when the Council considered closures, proximity to Salt Lake City's residential neighborhoods played a part. Council Members heard from a large number of Rose Park residents during the public hearings who argued that their course should be kept open despite recent financial performance, based on its proximity to residential neighborhoods. Based in part on this perspective, the City chose to keep Rose Park open and look elsewhere for savings.

What will the City do to prevent undesirable activities at Glendale once golf operations cease?

Answer: The Council believes that the right approach to safety concerns at this large urban open space is to invite a greater number of people to enjoy an expanded range of activities at a repurposed Glendale. This approach is more expensive than simply leaving the land unused, and it is at the forefront of planning efforts for the potential Open Space, Parks, and Recreation bond.

What is happening to Wingpointe Golf Course?

Answer: The Council placed the future of Wingpointe Golf Course in the hands of the Salt Lake City Department of Airports. The Airport Enterprise Fund receives a significant share of its funding from the Federal Aviation Administration (FAA). In 2012, an [FAA compliance review](#) directed the SLC Golf to pay "fair market value" for use of this land to the Airport Fund. Both golf and the airport are City "[enterprise funds](#)," so Federal and State law applies to their financial operations.

SLC Golf had previously paid only \$1 per year for leasing the land where Wingpointe was built, but this amount could increase to \$700,000 or more per year when fair market value is assessed. Rather than closing the course immediately, the FAA allowed for lease payments to escalate gradually from 2012 to 2017, when "fair market value" would be required. This was the only concession that the City was able to negotiate from the FAA.

The Council noted that independent of the FAA issue, Wingpointe had operated at a profit during only three of the past 12 years. A sharp increase in the lease payment only would make SLC Golf's financial situation worse. Since the lease payment would be avoided if Wingpointe were not operated by SLC Golf, the Council recommended turning over all Wingpointe assets to the airport and allowing it to determine the course's future. After some deliberation, the Airport Board of Directors recommended closing Wingpointe at the end of the current season, November 2015. The Council approved the City budget that included this measure.

How does closing golf courses strengthen SLC Golf?

Answer: In the short run, SLC Golf benefits by taking courses that are currently losing money—like Wingpointe and, last year, Jordan River Par 3—off of its balance sheet. These courses are projected to lose more and more money each year, as rounds continue to decline and expenses continue to rise. At Glendale, which saw a small profit recently, the savings come from avoiding hundreds of thousands of dollars in annual payments for the installation of secondary water facilities, as well as future operating losses projected by the City's financial consultant.

Additionally, funds for much-needed capital improvements at remaining courses are boosted by the City's "purchase" of Jordan Par 3 and Glendale. With the closure of these courses and the revenue from land purchases, SLC Golf will be able to pool any profits from the remaining courses and use them to invest in major capital improvements, enhancing the appeal of the remaining courses and increasing the system's financial viability.

Will the City sell Glendale, Wingpointe, Jordan Par 3 for commercial, residential or industrial development?

Answer: No. The Council made a clear policy decision to maintain these courses as open space, and as a community asset. The Council is the City's land use authority and no development on these properties can happen without the Council voting to re-zone the land.

Water

Would using secondary water at all courses save enough money to resolve SLC Golf's financial problems?

Answer: No. Even if all City golf courses were irrigated with secondary water, [the savings generated](#) would not be sufficient to put SLC Golf back into the black in a long-term, sustainable way. Significant operational changes also are needed to avoid further deficits.

The on-going savings from using secondary water are considerable, and Mountain Dell already uses it. However, building the necessary new pumps and connections is expensive and SLC Golf does not have resources to pay cash up-front for this installation. For this reason, in 2014, the Council approved a financial plan (known as an ESCO) to install secondary water at Glendale and Rose Park Golf Courses. The required annual ESCO debt payments essentially erase the savings from switching to secondary water for the next 16 years. After that, the operational savings at remaining courses will be reflected in SLC Golf's bottom line.

Since water is a major expense for golf courses, why doesn't the City give SLC Golf a discount on water?

Answer: State law expressly prohibits one city "[enterprise fund](#)" from providing a discount to another. The reason is that with enterprise funds, all expenses must be charged to users. If SLC Golf's water was discounted, customers of one fund essentially would be subsidizing the customers of another. In this case, water rates for all other users in Salt Lake City would have to be increased to subsidize the discount to Golf.

If voters agree to a Open Space, Parks, and Recreation bond in 2015 that installs secondary water at all remaining courses, the City would essentially pay this cost, as well as the cost for secondary water at a repurposed Glendale. This would allow SLC Golf to realize the operational savings immediately, so remaining golf courses would benefit from lower water bills. Absent a bond, there is no mechanism in place to pay the up-front costs of installing secondary water at golf courses where an ESCO is not currently in place.

Finances and enterprise funds

What is an "enterprise fund," anyway?

Answer: Salt Lake City's budget is comprised of several different types of funds, which can be thought of as similar to different bank accounts held by the same family. The general fund pays for most City services and is supported by property or sales taxes. Enterprise Funds, in contrast, are supported primarily from fees charged for services that each fund provides. For instance, the Water Fund runs on fees paid by water users; the Golf Fund is supported by golf fees. Federal and State law applies to the financial operations of enterprise funds, and they are also managed according to City revenue and enterprise fund policy.

Why is SLC Golf the only Parks Division activity that's organized as an enterprise fund?

Answer: The Golf Enterprise Fund was created to operate as a stand-alone business in 1964. This structure allows it to keep profits during flush years to reinvest in courses—or save funds for lean years. The only exception was a brief period during the 1990s when some golf revenue was used for broader recreation purposes. However, this practice was abandoned and the general fund repaid that money to the Golf Fund.

By state law, all enterprise funds must be self-sustaining, but almost 10 years of operating losses in the Golf Fund have created a situation where it is no longer solvent as a stand-alone business. The annual operating deficit reached nearly \$1 million in 2014. In previous years, these deficits were handled by drawing down Golf Fund reserves that were accumulated during profitable years. If the Golf Fund was not an enterprise fund, those many years of profits would have been absorbed by other general fund activities since general fund needs like streets and sidewalks, which are paid for through taxes, are currently underfunded.

Golf Fund reserves are now exhausted. On-going operating deficits also caused SLC Golf to postpone millions of dollars in major course improvement investments, including installing secondary water. The current model is not financially sustainable.

Do golf fees support other recreational activities in Salt Lake City?

Answer: No. As an enterprise fund (*see above*), all profits generated at City golf courses are used only for golf. For a brief time during the 1990s, some revenue from the Golf Fund was used for broader recreation purposes. However, this practice was stopped and the money used was repaid to the Golf Fund.

No further transfers between the two funds occurred until the property transactions approved by the Council in late 2014. The payments to SLC Golf helped meet expenses in FY 2014 and FY 2015. In return, several unused portions of golf courses were sold to other City funds for other open space uses.

Why transform a golf course—which charges user fees—into a public park, which doesn’t charge most users?

Answer: Taxpayers in Salt Lake City may be more willing to subsidize a public space that is open to all and offers a mix of activities. On golf courses, access to the space is limited to those who play golf. This is why the Council is considering placing the Open Space, Parks, and Recreation bond on the 2015 ballot. Voters will decide whether they wish to help expand the City parks system in part to pay for this kind of transition.

In addition, the same City policy that ensures golf fees remain in the Golf Enterprise Fund (*see above*) prohibits it from receiving subsidies from general taxpayers. This means that the money to fund parks comes from the City’s general fund, while SLC Golf must be managed within the limits set by user fees. The City is also bound by state and federal laws that set accounting rules regarding how enterprise funds can “borrow” funds from general taxpayers, and set limits on periods for loan pay-back.

Could the Golf Fund be absorbed into the general fund and be subsidized like many other Parks activities?

Answer: The Council discussed this option and elected to continue the longstanding City policy of keeping SLC Golf as an enterprise fund. The reason is that taxpayers in Salt Lake City appear to be more willing to subsidize a public space that is open to all and offers a mix of activities.

Salt Lake City’s revenue policy includes, among other points (see [Mayor’s Recommended Budget, Fiscal Year 2015-16](#), pages c-4 and 5), that when a revenue base is insufficient to fund current services, the City will:

1. look for ways to reduce costs;
2. consider reducing the level of service; and
3. consider new user fees or increases in existing fees.

Will anticipated growth in Salt Lake City’s population return the Golf Fund to profitability?

Answer: It is unlikely. The Golf Fund faces a long-term systemic problem: all of the courses along the Wasatch Front are competing for a shrinking number of golfers. The number of rounds played at Salt Lake City golf courses between 2004 and 2013 dropped by 1.9% per year on average, even while the City added nearly 13,000 new residents. City population is expected to grow by fewer than 12,000 residents between 2014 and 2030, so population growth alone is unlikely to lift the number of rounds played at Salt Lake City courses.

Where can I find details about SLC Golf’s annual budgets?

Answer: Refer to the [Financials](#) section in the Golf Resource Library. For the FY 2016 Golf Fund budget, see relevant sections in [Mayor’s Recommended Budget, Fiscal Year 2015-16](#).

Who paid for SLC Golf's consultants?

Answer: Over the years, most of the City's golf studies were requested and paid for by Golf Fund. Two exceptions were a [National Golf Foundation study](#) and the Council's [financial consultant report](#). Both of these were paid for through the general fund. The Council decided in these cases that SLC Golf could not afford these studies, but that the situation was dire and required an independent look. These and other studies can be found in the Golf Resource Library in the [Reports and Recommendations section](#).