

# The dilemma of how to make city golf pay its way

By Carol West | Posted: Friday, June 22, 2012 6:00 am

Tucson's five municipal golf courses are causing city officials some major headaches. Golf, an enterprise entity for the city that must support itself, hasn't been generating sufficient revenues to cover operating expenses.

Mayor and Council voted 6-1 May 8 to require that golf repay its city subsidy and cover expenses through its own revenues within two years. The city's Greens Committee, a council-appointed advisory committee made up of members who are knowledgeable about golf, has been asked to determine how to get the golf's budget back in the black.

Back in 1999, Piper Jaffray conducted a financial management study of the golf enterprise and noted that even though fewer rounds were being played, overhead costs had not been reduced. At the time there was consideration of privatizing the city's courses but the council voted it down.

Other recommendations in the report were implemented, including a master plan that professionalized the operation, including better training for golf staff. Golf's budget remained in the black for three of the next four years.

The 2005-2009 update to the golf master plan called for monitoring and controlling expenses, making annual purchases of budgeted capital equipment, and paying scheduled interest and principal payments toward the long-term debt.

However, in 2010 when consideration was given to contracting out the management of three of the city's courses, the Greens Committee recommended against it. They opined that green fees would likely be raised. If there was a cutback in staff, the quality of the greens would suffer.

Long-term leases would have to be in play, or the private sector would not be interested in managing the courses. The committee also noted that over the prior 15 years, more than \$12 million worth of improvements were made on four of the five golf courses.

Revenues for this came from sale of land at Silverbell Golf Course, assistance from the Tucson Conquistadores at El Rio Golf Course, and certificates of participation, which must be paid back with golf fees.

By 2011, the city had privatized the golf concessions.

At a recent Greens Committee meeting, members discussed the development of a system for golf to pay for itself. They noted the deficit in golf operations exists around the country. According to the National Golf Foundation, major factors for these deficits include the economy, the weather, and the increased competition.

Phoenix is facing the same problems. City of Phoenix staff conducted a study of golf courses to learn how other communities were dealing with financial issues. Of 43 courses surveyed, only two — Torrey

Pines in San Diego and two nine-hole courses in Glendale west of Phoenix — were financially secure.

Phoenix officials have agreed to share their information with Tucson staff. This will be beneficial in developing future financial and marketing plans.

The public addressed the Greens Committee at its May meeting. Several suggested a better marketing plan for city courses. The golf professionals should join local civic organizations to serve as golf ambassadors. Winter overseeding practices should be analyzed for water savings.

Others thought raising the golf fees would not result in self sufficiency because fewer people would play golf. They remarked that golf is held back by “the government overlay” and having the elected officials set the golf fees.

There has been discussion about the transfer of one or more courses to the general fund to benefit Parks and Recreation. Most often mentioned for this is Fred Enke Golf Course. However, there are certain restrictions on future disposition and utilization of this land because the golf course was partially developed with federal funding.

The Greens Committee has until October to make its recommendations for this city asset. City staff indicates that perhaps the council should consider converting golf funds to a special revenue fund from the present enterprise fund. One advantage would be that the financial statements would better clarify golf’s monetary checks and balances for future planning.

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