



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, March 19, 2019 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Council Members in Attendance:

Dave Nicponski - Chair	District #1
Dale Cox – Vice Chair	District #2
Jim Brass	District #3
Diane Turner	District #4
Brett Hales	District #5

Others in Attendance:

Blair Camp	Mayor	Jan Lopez	Council Director
G.L. Critchfield	City Attorney	Jennifer Kennedy	City Recorder
Jennifer Heaps	Comm. & PR Director	Pattie Johnson	Council Office
Melinda Greenwood	CED Director	Doug Hill	Chief Admin Officer
Kim Sorensen	Parks and Rec. Director	John Pearson	Golf Course
Brenda Moore	Finance	Rob White	IT Director
Jann Cox	Resident	Jennifer Brass	Resident
Kat Martinez	Resident		

Mr. Nicponski called the Committee of the Whole meeting to order at 6:00 p.m.

Discussion Items

Parkway Golf Fund Discussion – G.L. Critchfield and Kim Sorensen

Mr. Sorensen discussed issues related to future funding, due to subsidies and loans, and led a discussion about whether the Golf Fund should remain an enterprise fund. Council Director, Ms. Lopez, provided six questions from the council for Mr. Sorensen to address, so a wise decision could be for formulated. Questions were discussed as follows:

1. Are rounds of golf increasing or decreasing? Mr. Sorensen explained:
 - Over the last 5-10 years, the number of golf-rounds per year, remains consistent.

- For the last five years, the average number of 9-Hole-rounds per-year was 63,241. The highest number was 67,208 in 2013, the lowest total was 58,721, and last year 63,411 rounds were played. All calculation fell within 200-rounds compared to the average. (Mr. Sorensen noted calculations were based on 9-holes of golf - not 18.)

Mr. Nicponski wondered if attendance decreased during irrigation replacement. Mr. Pearson noted the project began on September 1, 2016 and was complete in the spring of 2017, and it was necessary to close a certain number of holes at a time while the project was underway. This made it challenging for golfers to play a total of 18 holes in one day, and typically, only 15 to 17 holes could be achieved. Although, attendance was good, the sport would never be as it was in the 90's. In addition, he confirmed 2,000 rounds occurred during January and February of 2018, but only 101 rounds occurred this January and February. Mr. Sorensen confirmed and said changes in weather, like very hot temperatures in July also impact attendance.

2. Would the trend continue? Mr. Sorensen believed the trend of approximately 60,000 rounds per year would remain - as patterned over ten years' time.

Mr. Nicponski wondered if this amount of business would carry the enterprise fund or would a subsidy from the GF (General Fund) always be necessary. Mr. Sorensen confirmed the Golf Fund could not sustain itself, based on the past; funding from the GF was estimated at \$150,000 in 2019 and about \$370,000 in 2018, due to equipment purchases, including carts. The fund could not break even.

3. Are fees appropriate, or could they be adjusted? Mr. Pearson was in the process of comparing fees with other golf courses but noted Murray Parkway fees are currently lower than other golf courses. Therefore, fees could be adjusted up \$1, as well as, for golf cart rentals. A fee increase proposal would be coming to the council by the end of the year as suggested.

Mr. Hales wondered if a one-dollar increase would benefit, or would it cause a decrease in attendance. Mr. Sorensen said with 60,000-rounds per year, one dollar would provide \$60,000 more in revenue per year, in addition to increased revenue from cart rentals. Mr. Pearson said the Murray Parkway would still remain comparatively lower in price, in mid-range, if a \$1 increase occurred in green fees and cart charges, revenue would increase approximately \$106,000. He thought most patrons would not be alarmed because guests realized the increase would still mean a lower green fee compared to other popular golf courses in the valley.

4. Are there any special events that could increase rounds and revenue? Mr. Sorensen said Mr. Pearson did well to promote leagues, including youth leagues to encourage interest on slow Saturday afternoons, and he organized co-ed leagues during other slow times on hot afternoons from 1:00 p.m. to 5:00 p.m. He was not sure what else could be done. Mr. Pearson confirmed high temperatures create slow periods; most people enjoy golfing in early hours before the heat, and later in evenings.

Mr. Nicponski noted the annual budget was \$1.6 million, and the subsidy from the GF was estimated at \$150,000 annually. He proposed whether the Golf Fund should be maintained as an enterprise fund or be dissolved and become part of the GE. He noted one major caveat to that change, would

be the GF would need to pay off all Golf Fund loans. Mr. Sorensen confirmed balances still remain with both the Water Fund and the Power Fund as follows:

- A balance of \$136, 587 owed to the Water Fund – Loan was used to purchase new golf carts. (to be paid off in FY 2022)
- A balance of \$964,772 owed to the Power Fund – Loan utilized for the irrigation system. (to be paid off in FY 2029)

Mr. Sorensen explained legally a GF cannot give money to enterprise funds, so the total debt of \$1.1 million, could never come from the GF.

Mr. Critchfield confirmed the city would either need to purchase the golf course or forgive all Golf Fund loans to solve the debt issue.

Mr. Brass thought with that being said, the Golf Fund should be left as an enterprise fund. He was concerned the term *subsidize*, was causing issues, which was a true transaction; however, he reminded everyone, the recreation center for example, was subsidized \$600,000 this year. Therefore, he thought the annual \$150,000 subsidy to the Golf Fund was a bargain that provided acres of green space in the city. He said even though the Murray Parkway was not currently turning a profit, it would cost the city much more money to maintain the grounds and this could eventually lead to a closure. He would rather see the golf course stay open provided by the subsidy, than see it lost and replaced with a housing project. By leaving it as an Enterprise Fund the city staff would not have to worry about all that.

Mr. Sorensen said the Murray Parkway generated funding for the construction of the Jordan Parkway trail years ago. Mr. Brass confirmed the cost was \$6 million. Mr. Sorensen agreed the golf course also paid staff to provide maintenance along the trail. Therefore, with today's value of having the trail, and if the golf course still operated as it once did, there would be no discussion today related to subsidies. Mr. Brass said it was a 60-year subsidy when golf course paid for the cost of the trail, which was a steal.

Mr. Cox thought transparency was well established in the way the Golf Fund was currently set up – as an enterprise fund; a money trail was easy to follow; transfers were visible, and costs well documented; he agreed with Mr. Brass. He thought the closing golf courses usually generated more parks that may cause great interest; however, parks provide zero revenue. In addition, he thought providing jobs that create revenue was essential for drawing people into Murray.

Mr. Nicponski concluded the Golf Fund was operating fine, the golf course was doing well, and it all should be left as it is. There was a consensus among council members to let the Golf Fund remain an enterprise fund.

Announcements: Ms. Lopez made several announcements related to coming events for the council members.

Adjournment: 6:18 p.m.

**Pattie Johnson
Council Office Administrator II**