

AGENDA ITEM SUMMARY

City Council



STAFF

Victoria Shaw, FP&A Manager, Community Services
Mike Calhoon, Parks Director
Dean Klingner, Community Services Director
Sara Arfmann, Assistant City Attorney

SUBJECT

First Reading of Ordinance No. 164, 2023, Appropriating Prior Year Reserves for the Golf Enterprise.

EXECUTIVE SUMMARY

The purpose of this item is to consider an appropriation of \$185,000 from golf reserves to the 2023 budget associated with the additional costs in golf related to higher revenues.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

Since 2019, Golf revenues have been growing at an average compound growth rate of 9% per year, excluding transfers and proceeds from Certificates of Participation (COPs). The heightened revenue is driven by increased patronage and participation in golf-related activities, demonstrating a positive trend in community engagement. The Golf Division acts as an enterprise and does not receive any ongoing subsidy from other City Funds, including the General Fund.

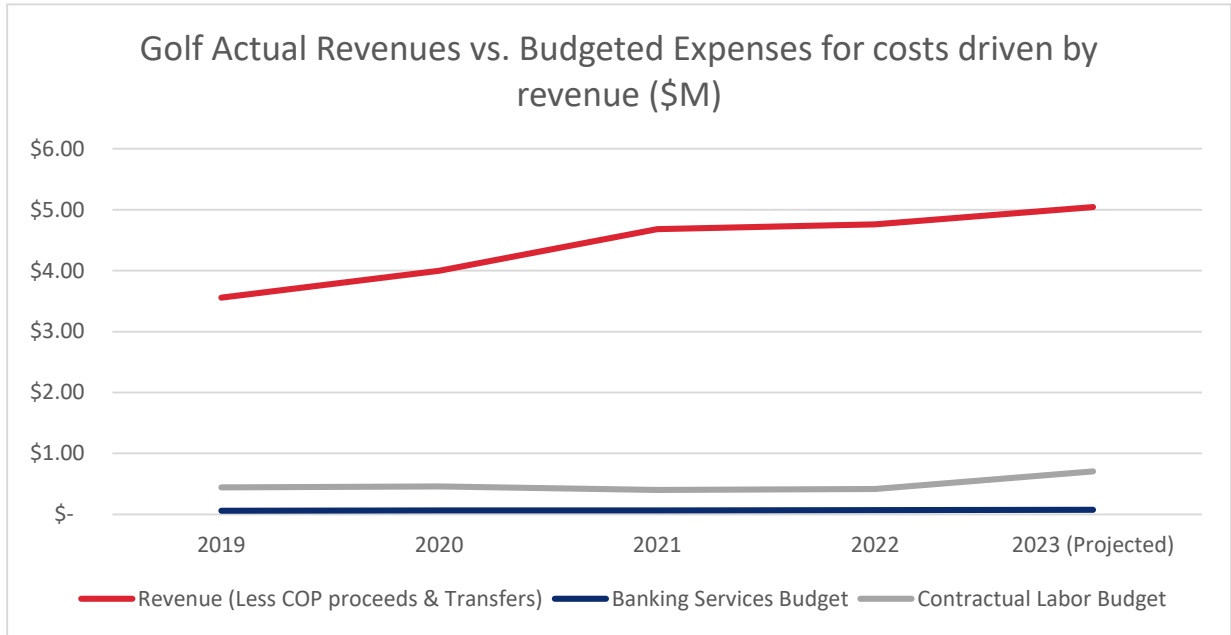
With the rise in revenue, the Golf division is experiencing heightened expenses which are directly linked to the revenue growth rate exceeding standard ongoing budget increases. These increased expenses include expenses for banking services, which are driven by credit card processing fees, and expenses for contractual labor, which are the reimbursements to the contracted golf professionals who operate the pro shops at each course for their share of the revenue. These activities are expected to incur a \$185,000 shortfall in budget vs. expenses for 2023 without additional appropriation. The adopted 2023 Budget included the anticipated annual true-up payment to the contracted golf professionals for the finalized 2022 fiscal year revenue. However, the true amount for that true-up exceeded the anticipated amount. As a result of the higher than anticipated 2022 true-up and the unanticipated heightened expenses throughout the 2023 fiscal year, staff is recommending prior year reserves to fund the shortfall.

Golf revenues are highly weather dependent. If recent trends continue for the remainder of the 2023 fiscal year, golf will surpass its annual revenue forecast by \$400,000. However, poor conditions in Q4 would

reduce that estimate. If there is an ending surplus for the 2023 fiscal year, that will be returned to reserves to replenish this appropriation.

Exhibit A shows the 5-year trend of Golf division revenue (excluding proceeds from COPs) alongside the 5-year trend in budget appropriated for revenue linked expenses. Approving this appropriation ordinance will correct the budget shortfall for 2023, and staff will monitor 2024 budgets for revisions throughout the year.

Exhibit A:



CITY FINANCIAL IMPACTS

If adopted, this Ordinance will appropriate \$185,000 in Golf reserves for use within the Golf enterprise. Golf receives no ongoing subsidy from the General Fund.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS

1. Ordinance for Consideration