Golf Enterprise Fund Study – Fact Sheet

Purpose of Study

- Determine financial impact of various options to address ongoing Golf Enterprise Fund deficit
- Study provides financial basis for discussion. It does not include analysis of the impact on social or quality of life issues, but these issues will be considered in policy discussions.

Market Forces

- Local market conditions are the strongest predictor of golf course performance
- Valley supply of golf courses has clearly outstripped demand for golf
    - Number of golf courses in the valley has increased 40% during the last 20 years.
- Valley trend matches national trend of having an over-abundance of golf courses
- Nationally, the number of golfers declined between 2000 and 2010

Phoenix Golf Program

- Phoenix Golf has made many efforts over the years to improve revenue, quality of play, and operational efficiency
- These efforts were unable to overcome larger market forces: oversupply of golf courses, national decline in golfers, and the national recession
- Phoenix Golf has had an annual deficit for almost every year over the last ten years
- Phoenix Golf has not fully recovered its costs; it had a fiscal year 2011-2012 annual deficit of $2.4 million and has a cumulative deficit of $14.8 million

Local Market Forecast

- Economic recovery not expected to be strong enough to bring Phoenix Golf back to full cost-recovery

Other-City Survey

- In other cities with golf programs, not fully recovering costs is common
- In Arizona, 3 out of 4 cities surveyed have golf programs that were not full cost-recovery

Financial Options Studied

- Seasonal closure
- Outsourcing maintenance
- Contracting out courses similar to Papago
- Conversion of golf courses to limited-use parks
- Closure of golf courses for future redevelopment or sale

Conclusion

- No combination of the above options allowed Phoenix Golf to reach full cost-recovery which raises the policy question: If the city desires to continue operating Phoenix Golf similar to how we provide other recreation activities, how do we provide a public recreational golf program for the community?