SOUTH JORDAN CITY
CITY COUNCIL STUDY SESSION

February 17, 2015

Present: Mayor Dave Alvord, Councilman Chuck Newton, Councilman Steve Barnes, Councilman Chris Rogers, Councilman Mark Seethaler, Councilman Don Shelton, CM Gary Whatcott, Fire Chief Andrew Butler, Administrative Services Director Dustin Lewis, Police Chief Lindsay Shepherd, Strategic Services Director Don Tingey, Development Services Director Brad Klavano, Acting City Attorney Ryan Loose, COS Paul Cunningham, City Commerce Director Brian Preece, Finance Director Sunil Naidu, IS Director John Day, Public Works Director Jason Rasmussen, Communications Director Tina Brown, City Council Secretary MaryAnn Dean

Councilman Seethaler made a motion to nominate Councilman Shelton to be the Mayor Pro Tempore for the beginning of the study session. Councilman Newton seconded the motion. The vote was unanimous in favor.

A. Invocation: *By Councilman Seethaler*

Councilman Seethaler offered the invocation.

B. Discussion Item: Mulligan's. *(By Scott Whittaker and Tom Hardy, Utah Golf Alliance)*

Scott Whittaker introduced Tom Hardy. He passed around their viability study (Attachment A). He reviewed the members of their team that assisted with this report. He said they have had a good golf season this year. Some of their research was limited because the golf course is not in full operation during the winter months. He said a lot of the golf facilities that are struggling are real estate based. He said the golf economy nationally is rebounding, but it is not back to where it was 10 years ago. Utah is unique in that there are more public and municipally operated golf courses than anywhere in the country. 20,000 junior golfers were taught at golf facilities in Utah last year. He said a number of golf facilities cover both operational expenditures and bonds.

Mr. Hardy said South Jordan is in a good financial position with Mulligans. Some golf courses in the area are not meeting their operating budget, let alone the debt service. He is impressed that South Jordan has paid for operations and debt service of the golf course.

Mayor Alvord arrived at this time.

Mr. Hardy noted that Mulligans debt to operation ratio diminishes each year. It is an enviable position. He said Mulligans is starting to show its age a little. Some of the problems that

surrounding golf facilities have faced are deferred maintenance. Some facilities are doing out of the box experiments such as a driving range with luxury boxes. He is not suggesting that they try that here, but that is an example of the evolution of how things can change. He said he is amazed that South Jordan has held their expenses the way they have. Going forward, the challenge is to increase the revenues to meet the expenses and accommodate what is needed. Mulligans is doing better than other golf courses in the area. The biggest revenue source is the driving range and the miniature golf.

Mr. Hardy said Mulligans is a recreational facility. They need to determine if it's going to be a tired operation or are they going to be able to renovate it and upgrade it so it becomes a true asset. They should not be afraid to look outside the box to compliment what they already have there. He said they are doing a great job there. He likes the idea of the Mulligans Commission.

Scott Whittaker said the golf courses on the west side of the valley are strong for the most part due to the increased growth in the area. He said Salt Lake City failed to reinvest in their golf course and the price is now out of their reach. The people feel that Mulligans is a great asset to the community. He said they feel that Mulligans is a recreational facility, not a separate business entity.

Mr. Hardy recommended that they spend more money on marketing Mulligans. There are some capital improvements needed including aesthetics of the driving range and batting cages. They need to regularly put down new carpet on the miniature golf course.

Mr. Hardy recommended they consider a frequent use card, or a resident/non-resident rate. They are currently in line with their charges. He said they need to be cautious about getting their costs too out of line.

Councilman Seethaler said they are contemplating paying off the debt for the golf course property. Would Utah Golf Alliance advise a golf course redesign or new attractions? Mr. Hardy said they could redesign or consider one larger 9 hole facility. They could put a net on their driving range to maximize space. They could consider having only 1 putting green. They could put a restaurant or an ice cream place on the other putting green.

Councilman Newton said the question is if they put the money in the golf course up front, or pay it off first and then update the course. Mr. Hardy said they should put money back into the golf course and try to stay ahead of the game on maintenance. He feels improvements are better off up front.

They discussed redesigning the golf course. Mr. Hardy said depending on the layout and design, they can build a green from scratch for $100,000 per green per hole. That is where it starts to get more expensive.

Councilman Newton asked how foot golf impacts the golf revenues? Mr. Whittaker said foot golf does not introduce new golfers, but has created a new revenue source. He said there are ways to work in foot golf on an 18 hole golf course.

Councilman Seethaler asked if the city wanted to contract with someone to provide a business plan for Mulligans, who would they go to?

Mr. Whittaker said they could do it with a team that knows Utah golf. There may be a price tag attached to that.

Councilman Newton asked if anyone else is doing the top golf concept? Mr. Whittaker said not in Utah currently. Top golf plans to bring a top golf facility here within 5 years. The biggest revenue source for top golf is the nightclub, with alcohol sales.

Mayor Alvord asked if Mr. Hardy and Mr. Whittaker would be available to attend some Mulligans Commission meetings? Mr. Hardy said they would not be able to be regular attendees, but could come on invitation. He recommended that staff come up with a business model.

C. Staff Item: Secondary Water Requirements for new development. *(By Development Services Director, Brad Klavano)*

Development Services Director Klavano said they are having a hard time getting secondary water installed as part of new developments. The formula they use to determine if secondary water is feasible makes it very restrictive, even if the property is next to the canal. He said it is not effective.

Mayor Alvord asked if the cost of the water is part of the formula? Mr. Klavano said no, it focuses more on the cost of putting infrastructure in.

Mr. Klavano passed around a map of the secondary water system master plan that was done a few years ago (Attachment B). He said he is recommending that they drop the formula that they are currently using and require secondary water in the green areas on the map. They can evaluate the other areas for secondary water feasibility as well.

Mayor Alvord said there is a huge gap in the cost of secondary water versus culinary water. He said they should look into increasing the cost of secondary water to pay for the lift stations. Development Services Director Klavano said they would use the secondary water fund to pay for those projects. CM Whatcott said some people don't use the secondary water, even if they have access to it, because of its lower quality.

Councilman Newton asked if the dry pipes that are in the ground are usable? Mr. Klavano said probably not all of them, but they will be able to tie into some of them. CM Whatcott said

some of the pipe in the ground is old and may not be usable. A rate study for secondary water will be done this fall. At some point, rates will have to be raised.

Acting City Attorney Loose noted that if there is not an application that is vested, they can change the secondary water requirements.

Mr. Klavano said his recommendation is that if the developers put in the secondary water system in the green areas, the city could participate at a certain percentage for the lift station. He noted that they contributed $40,000 for the station by the Kornwasser property. The city is made whole through the rate structure. The City Council can decide how aggressive they want to be on requiring secondary water. Councilman Newton said that depends on cost.

Councilman Newton said he likes the idea of maximizing secondary water use. Mayor Alvord said he would like to see the cost shared by the users of secondary water, rather than just the city as a whole. Councilman Newton said the whole city benefits indirectly because the conservation of culinary water keeps their rates down.

Councilman Newton asked for a cost breakdown to require secondary water in each of the colored areas on the map.

Mayor Alvord recommended that they guide developers putting in people's front yards to plumb for secondary water.

Mr. Klavano said they would bring a Resolution forward and will look closer at the costs and return on investment. He said it will likely come back to the Council in April.

D. Staff Item: TRAX Alignment Update. *(By CM Whatcott & Don Tingey)*

Mayor Alvord recognized CM Whatcott for his work on this issue.

CM Whatcott said a study is being done to extend Trax south of Daybreak and to connect to Draper. He said there has been a lot of discussion about how Trax leaves daybreak. Both Early Light Academy and Kennecott have given input. There is a new plan (Attachment C) and the proposed alignment works best for them, the neighboring communities, and the ELA Board. UTA will be presenting their preferred alignment to the City Council in April or May. That will start the process to develop an environmental impact statement. He said all of the proposals had huge economic development impacts to the city. The current proposal is best for the city, ELA, and Kennecott.

Rulon Dutson, Kennecott, said in Daybreak, their developments face the track and they see it as an amenity. He expressed appreciation for the city looking out for their interests.

Councilman Shelton asked when will the homeowners in the area be notified? CM Whatcott said after UTA presents their preferred alignment to the City Council, there will be a public scoping process. That is a 12-18 month process. It was noted that 7 property owners are scheduled to lose their homes. Councilman Shelton will meet with CM Whatcott to discuss the details of this plan since it is located in his District.

Strategic Services Director Tingey noted that the project is not yet funded. It could be several years before this project is constructed.

ADJOURNMENT

The February 17, 2015 City Council study session adjourned at 6:01 p.m.

This is a true and correct copy of the February 17, 2015 Council Study Session meeting minutes, which were approved on March 3, 2015.

Anna M. West

South Jordan City Recorder

Attachment A
2-17-15 C.C.
Study Session

Mulligans South Jordan

Facility Viability Report

This Report was commissioned by the City of South Jordan and
Prepared by the Golf Alliance for Utah

SOUTH JORDAN
UTAH

MULLIGANS
Golf & Games

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Report Overview

The Golf Alliance for Utah Has been contracted by the City of South Jordan to analyze and assess the financial and operational viability of the South Jordan City owned and operated Mulligan's Golf and Games recreational facility.

A team of local experts from the Golf Alliance of Utah researched and collated the following information and analysis. The GAU allied members includes: the Utah Section PGA; the Utah Golf Association; the Intermountain Golf Course Superintendents Association; the local chapter of the Club Managers Association of America; Fairways Magazine, and numerous golf facilities within Utah,. For additional GAU information please refer to the provided supplemental information.

This report is based on the most recent national and local statistical findings related to the golf industry. The statistical resources that were used for this report include: PGA PerformanceTrack Reporting (rated #1 national statistical golf reporting system); Utah Golf Economic and Environmental Impact Report (Golf 20/20 by SRI); and Utah on Par (GAU/Utah PGA Utah specific survey report). In addition to the statistical services listed interviews were conducted with South Jordan Administrative Staff; Mulligan's facility staff; and Mulligan's customers and South Jordan City residents. A full financial, facility, and administrative review was completed by the "study team". A list of Study Team members is provided as an appendix to this report.

This report contains a summary analysis of each of the operational factors listed on the content page. At the conclusion of each operational segment are listed the "Report Team's" recommended actions. There is also a prioritized list of collated recommended actions listed the analysis portion of the report.

It should be noted that Mulligan's Golf and Games is a fairly unique facility within the golf industry. Several of their primary facility operations are outside the normal operations of other golf based recreation facilities. Therefore there are few local facilities to directly compare operations with. However the concept of providing family recreational type activities with a core golf theme is a relatively new but sound operational theme within the golf industry. The national and state trend to greater access (entry level golf), shorter time commitments, and family recreational operations are a good fit with Mulligan's current facility and operations structure.

Although there are no direct comparisons for Mulligan's type facilities in Utah or the southwest Salt Lake Valley area this is also a benefit in that there are few direct competitors in their market area. We have been able to use similar operational elements from the operations in the southwest Salt Lake Valley area, other Utah golf facilities, and national facility statistics to make valued assessments for the Mulligan's operations.

National Golf Industry Status

The recent economic recession and the subsequent collapse of the home building and financial bubble had a drastic effect on the golf industry nationally. Prior to 2008 the golf industry was experiencing unprecedented growth in virtually every related industry segment. After years of

unbridled expansion the collapse of the housing industry and the economic recession created as much as a 30% retraction within certain areas of the country's golf markets. The overall impact was a decline of about 15% in the golf industry during the years 2008-2012.

From 2012 on a majority of golf industry operations are trending back up. Two notable exceptions are real-estate based golf operations and high end resorts. Although virtually every aspect of the golf industry was in recession 3 years ago there is better news in the national golf economy today. There has been a general rebalancing of supply of golf facilities and certain areas of the country are experiencing an exciting trend upward, especially new less traditional golf facilities and golf operations.

Utah Golf Economy Status

The recent Utah Golf Economic and Environmental Study that was contracted by the Golf Alliance of Utah through Golf 20/20 and SRI confirmed many of the facts evidenced in the local golf industry statistics. Utah is the most public golf state in the country. A higher percentage of the state's population plays golf than anywhere else. Several factors are listed by the report to account for the high percentages. Lifestyle preferences; a good state economy; good golf facilities at reasonable green-fee costs; a healthy outdoor lifestyle tradition; and large active families all factor into golf's popularity in Utah.

There is also a higher percentage public access and municipally operated golf facilities in Utah than any other state in the U.S. Currently over 85% of our golf facilities are open to public play. This is just opposite of the rest of the nation. There has been a definite commitment from Utah residents to support golf as a major recreational component in their communities. This public nature of Utah golf has somewhat mollified the economic effects of both the home building collapse and the economic recession.

Certainly the past economic challenges and the real estate collapse have had a negative effect on the Utah Golf industry although in a less severe form than in virtually any other part of the country. This can mostly be tied directly to our public golf nature. Over the past year Utah Golf has experienced an average 5% increase in golf revenues. Of course this may not be the experience for all golf facilities in the state but does indicate a positive trend upwards. With the nation's youngest population residing in Utah their desire for managed open space, higher home and lifestyle benefits, and low recreations cost that golf all provide families a valued community asset through golf.

Golf facilities in the southwest Salt Lake Valley area, which are Mulligans most direct competition for golf has shown positive increases in both rounds of golf played and revenues over the past two years. The highest numbers are being generated by a few newly renovated golf facilities. Salt Lake County Golf operations have shown a steady increase over the past two years. Most of the other courses in the area have either maintained their position over the past two years or have shown moderate increases. A rebounding economy is driving some of the new growth in the golf business. The local statistics also indicate a return of corporate golf, junior golf, and family golf accounts for these new growth trends.

Mulligan's Financial and Budget Analysis

Officials at South Jordan City were kind enough to provide us a 10-year summary of financial activity for Mulligan's Golf and Games. It is assumed that the provided financial summaries came from the audited financial reports of South Jordan, and are therefore reliable and accurate.

There are several things that are apparent from the financial summary. The first is that the city made a major financial commitment in purchasing the Mulligan's property. Over $22 million of debt was issued, of which over $17 million has been repaid, leaving an apparent outstanding balance of $5 million.

The debt was issued in the 2003-2004 fiscal year in the amount of $12.5 million and in the 2005-2006 fiscal years in the amount of $9,645,732. Bond issuance costs in the amount of $613,912 were paid out as well. From the financial information provided it appears that the city transferred significant amounts of money in to cover the debt service in fiscal years 2006-2008, but has transferred only nominal amounts since then, relying on revenues from the operations of Mulligan's to cover the debt service since that time. The operational amounts used for debt service have totaled over $2 million during the last 5 fiscal years (2009-2014). While the operating revenues have covered all but about $300,000 of the cash needs of Mulligan's over that 5-year period, the operation has not put any money aside for future needs. The need for an adequate reserve fund to repair, replace, enhance and upgrade, and keep Mulligan's current with the market and with technology and innovation has not diminished--if anything, the need to keep it as not only a financially sustainable operation but as a class "A" facility that will continue to attract new and existing customers has increased.

Over the past 10 years revenues have increased 15%, while expenses have increased only 8%. This is truly remarkable, given the metrics of other operations with similar activity. South Jordan is to be commended for keeping a tight rein on expenditures--increasing less than 1% annually--while growing revenues at almost double that rate. This is especially significant when one considers that revenues have been essentially flat since the 2006-2007, while expenses during that same period of time have actually declined (although most of the decline is due to a decrease in the amount of annual depreciation taken on the facility). The net cash provided by operating activities has varied annually from $333,000 in 2010-11, to $525,000 in 2011-12, but has averaged over $400,000 per year for the last ten years. Again, South Jordan is to be commended for running a good business operation that has increased revenues while holding the line on expenses.

When looking specifically at the sources of operating revenue, it is apparent that the driving range is the single largest source of revenue to the operation, providing approximately 30% of all operating revenue over the past 4 years. The miniature golf operation is the second largest source of revenue, providing approximately 25% of all operating revenue over the same period of time. Greens fees generated by the golf courses, together with golf cart

rentals, provide approximately 20% of all operating revenues, while the batting cages provide an additional 12% of revenues over the past 4 years. The balance of revenue sources include lessons (instructor fees), and sales in the pro shop and for food and beverage. While revenues have been stable, there has been a slight decrease in greens fees, offset by higher revenues in cart rental fees. A snapshot of the operation last fiscal year (2013-14) shows that the driving range accounted for $377,000 (31%) of operating revenues, greens fees and cart rentals provided $260,000 (21%) of operating revenues, miniature golf accounted for $299,000 (25%) of operating revenues, batting cages provided $142,000 (12%) of operating revenues, and all other revenue sources accounted for the remaining $141,000 (11%) of operating revenues. Again, while there has not been overall growth in revenues, the operation has held its own against competition for the recreation dollar in the south end of the Valley, even in the recessionary period.

A source of concern, however, is the fact that revenues have not grown, and there is certainly a marketplace restraint in the amount that can be charged for each activity without decreasing the number of participants. In looking at the amounts charged for each activity, when benchmarked against facilities offering similar types of activities, it appears that South Jordan is in line with other operations, and is actively monitoring any opportunities for price elasticity in the activities offered. It also appears that they are actively trying to innovate with regard to other activities that could be incorporated into the existing operation.

With regard to operating expenses, it is notable that full-time salaries have decreased over the past 5 fiscal years, from $262,000 to $215,000--a decrease of 20%. Part-time wages have not increased during that same time period. Overall, employee wages and benefits have decreased 15%--a truly remarkable accomplishment. While some of this may be due to separating out lesson revenues from regular wages, the fact that South Jordan has held the line is to be commended. Other expenditures have been held in check as well, with materials and supplies decreasing from $89,000 to $82,000, and other expenditures increasing from $180,000 to $211,000 (although $29,000 of this increase was due to showing bank service charges as a separate line item). The only possible areas of potential savings may be achieved through decreasing the number of full-time personnel and increasing the number of part-time personnel. This potential should be examined, but no specific recommendation is made at this time. Given the different activities, the snack bar, and the pro shop, Mulligan's is certainly not overstaffed in terms of number of hours needed to operate the facility.

The number of paying patrons and customers visiting Mulligan's has held steady at approximately 156,000 per year, and while the operation is somewhat weather dependent, it has been very stable. The question is, will Mulligan's be able to retain existing customers and attract new customers over the next 5-10 years, and what will it take for this is occur? Recreational facilities need to be constantly maintained, updated, and made more

interesting and attractive to keep patrons returning and spending their recreational money. The challenge that South Jordan will face will be to successfully compete with other, newer facilities recently built or under construction, and with other golf courses and driving ranges that surround it within 20-30 minute drive time. Certainly the growth in the south end of the Salt Lake Valley will provide additional potential customers, but attracting and retaining those patrons should not be considered a given. Marketing and programs designed to attract and enhance the residential, corporate, institutional, and other customer must be developed and implemented. Additionally, the facility must brand itself as an attractive destination for the activities it provides.

Whether the City of South Jordan paid too much for the land and the facility known as Mulligan's is a moot question--it is done and the facility is getting closer to being debt-free. Whether the City should keep Mulligan's as it is or change it is a policy and political question that must be answered ultimately by South Jordan elected officials. If it is decided to keep it substantially as it is now, then the question and challenge is, what can be done to make it as successful as possible?

Mulligan's Physical Facilities Analysis

As noted previously Mulligan's has a unique composition of facility assets. Mulligan's South Jordan offers the following amenities

- a state of the game "driving range" which includes both tiered driving range mat areas, and grass areas
- an 18 hole miniature golf course
- batting cages
- two large practice greens and chipping areas
- a nine hole par-3 course
- a nine hole executive length golf course
- a fully equipped maintenance facility and parking area
- A fleet of rental golf carts and other operational equipment.

The course is located in a prime southwest Salt Lake Valley location at 692 West 106,000 South, South Jordan, UT. It is bordered by residential development on the south and north sides of the facility. It is bordered on the east with environmentally restricted areas. There is a large commercial development located immediately across 106,000 South Street to the south. 106,000 South Street is a major thoroughfare connecting the South Jordan area to both I-15 and Bangerter Hwy. This location makes the Mulligan's Golf and Games location a prime golf business venue.

For the most part the physical facilities are in good to excellent shape. There are some needed upgrades for the facility. Several of the ponds and other course areas are in need of repair and the retaining upgrades. Some of the driving range mats and balls may need upgrading more often. Daily maintenance and cleaning of the range tees and consistently good maintenance on both the "par three course" and the "executive course" are critical to maintain or increasing potential course revenues. Consistent course maintenance and

watering; regular mowing, and general outdoor maintenance of the golf courses and facility upkeep are critical to ensuring continuing positive revenue generation.

As noted under the financial analysis it is important that all facility assets be kept at level of good repair and maintenance in order to maintain and increase a quality customer base. Customer loyalty is a key component to maintaining a viable financial status. In a few of our patron interviews there were some comments rating the facility maintenance and service as being inconsistent and sometimes course maintenance was poor. Because of the timing of our report we were unable to personally witness many of the suggested maintenance problems. It is critical that the grass teeing areas; the driving range mats and balls and the service equipment be kept in excellent condition and that a high quality of personal service be maintained as rated by consumers. This will insure a positive revenue trend and avoid an eroding customer base.

The location of the Mulligan's facility is one of the prime commercial locations in the southwest Salt Lake Valley. It certainly has a large dollar potential if it were to be commercially or residentially sub-divided. However, all of the people that we interviewed for this report expressed an unsolicited desire to keep Mulligan's as managed open space/green belt. We understand that South Jordan City is seeking residents' opinions on the issue of commercially developing the Mulligan's location. Final use of the Mulligan's property will be determined by the city council. For the purpose of this report we will treat the Mulligan's location as a continuing financial and recreational asset for our continuing evaluation.

General Operations Analysis

In reviewing Mulligan's assets and operations it was clear that they are not a traditional golf facility nor should that try to be. There are other traditional eighteen-hole golf facilities located in or near South Jordan City that can provide a more traditional golf experience for South Jordan residents. Mulligan's provides a new-age golf experience for families, youth, and beginning golfers. It is our opinion that the operations at Mulligan's should enhance or maximize these current golf activity trends and focus on maintaining the current mix of operations that they offer. This unique mix of recreational assets should be considered as one of Mulligan's competitive assets.

Mulligan's operational and management structure seems to be consistent with other similar operations and for the most part in line with other municipally operated facilities. The overall operational management of the facility is at a better than average level and compares well to other golf facilities in the area.

Through the research and analysis process we were able to observe and identify several management points that could improve the overall effectiveness of the operation and additionally improve employee efforts and moral.

- Although there are implied goals and standards of operation within the Mulligans operation it lack clearly defined goals and a defined mission statement or statement of purpose.

- The statement of clear goals and expectations for all Mulligan's employees that relate back to a primary mission statement is critical to its continued operational success.
- The uncertainty of Mulligan's future has had a negative impact on both the employees and the patrons of Mulligan's. This uncertain future has additionally negatively affected revenues and the effective retention of a consistent customer base.
- There seems to be a lack of communication between Mulligan's and other South Jordan City departments and the City Council. They feel isolated and not a part of the city's administrative team.
- One of the anomalies between the Mulligan's and other municipal operations is that they do not have a direct tie to the other recreational programs and departments within the city. The Mulligan's operation looks and feels isolated from other city entities. We suggest that Mulligans included in South Jordan's overall recreation goal setting and program planning. Mulligan's golf should be represented at other administrative meetings within the city in order to increase communication and achieve comprehensive goal participation and focus. One of the most effective ways to promote increased program success is the cooperative promotion of programs and activities between departments and different sports activities.
- A more defined management flow chart highlighting the chain of command and who reports to who is needed.
- A better method for setting goals, assessing those standards, and holding employees accountable for achieving those goals needs to be instituted. We suggest that monthly meetings that review revenues and operations should take place with upper city management. These meetings should including the department manager and the key facility managers (Golf Professional, Course Superintendent, and the Customer Service Supervisor). From time to time other upper city management should attend these meetings. We also recommend that a (or several) non-employee customer representative be invited to regularly attend these meetings in order to attain customer/citizen based input.
- Internal golf course management and communication could also be improved. Weekly or Bi weekly meetings should be used for full time staff to evaluate programs, create awareness of current activities and help identify areas that need attention.
- Golf course staff should be trained or re-trained in customer service and policies and procedures on a regular basis. It is critical that supervisor's train and review operational activities in detail with employees and hold individual employees accountable for an excellent level of job performance. No facility or operation should ever look ignored or a little run-down.

A positive and engaged staff as well providing superbly maintained are the keys to every financially successful golf operation in Utah. Attention to details and a positive attitude from all staff can translate into financial success at Mulligan's.

Programs and Promotions Analysis

The Mulligans golf operation provides many of the traditional/basic golf programs that are generally associated with a teaching and learning (driving range and short course) golf

facility. This includes a wide range of golf lessons, some corporate golf, and family or junior play. They also have introduced viable cutting edge programs to the mix with some varied success. The new and innovative "foot golf/soccer golf" program on the par-three course seems to have brought some ne incremental income and some new customers into the operation. A corporate "lunch and driving range package" seems to have been less successful. The following are suggested updates to existing programs and suggested new programs that could be implemented to drive up revenues. Each program needs to be fully evaluated after each season and a determination made concerning new improvements or cancelation of the program.

- All lesson programs should be reevaluated from top to bottom for effectiveness in retaining customers (building new and active golfers) and by the overall increase in revenues related to the lessons. It is important that a cohesive program to introduce beginning lessons to the golf course so that they become active golfers. The PGA Get Golf Ready lesson program is turnkey and helps instructors build beginning lessons into valued golf customers. It also supplies a method to track the pupil's activities and revenue commitment at the course. Almost 80% of new golfers play golf and spend their valuable resources at the place that they learn to play. All lesson programs need to have the cohesive goal of building new customers.
- Mulligans may offer the best learning center facilities in the state. The lesson program needs review and expansion to take advantage of this asset. Junior golf clinics and lessons as well as family golf activities need to be established and actively promoted through the other South Jordan City recreational programs, at their facilities, and through social media.
- Mulligans should look into creating formal senior league play, ladies play, and junior league play. This continues the goal of creating valued and active customers. Mulligan's Golf and Games is the perfect golf course for these types of groups. Women's golf is the single fastest growing segment of the golf industry. Studies have shown that women control 87% of discretionary household spending, so having them involved in the programs at Mulligans could be a huge revenue source.
- The South Jordan area has a large family oriented, upper-middle class population which is perfect demographics for promoting the game of golf. Mulligans should consider expanding their corporate golf programs. There is a large market for corporate family golf days. No facility in the area offers the number of options for a corporate activity as Mulligans does. There are various support materials available through the Utah Section PGA to enhance corporate golf day activities.
- Neither the food and beverage operation nor the golf shop operations will currently support expanded senior, ladies, or corporate operations. There are many operational challenges to expanding food and beverage operations to support increased activities. The margins are very tight in food and beverage operations. They can be a very beneficial support amenity but there are several expansion risks. The Mulligans area has numerous competing food and beverage facilities within one-half mile of their location but they will still need to expand the food and beverage operation as well as the golf shop inventory to support new revenue programs and the overall positive impression of Mulligans. Listed below are a few options:

    - Lease the food and beverage operation out to another outside F&B business at a reasonable lease rate.
    - Using the new food truck trend by inviting them to stage at Mulligans especially for special events.
    - Use an outside catering service for special events.
- Currently little time or money are spent on advertising and promoting Mulligan's. In that Mulligans is a unique golf facility with a majority of their revenues coming from the family entertainment aspects of the operation, we recommend a well-planned promotional campaign be initiated. The promotional plan should include effective internal city promotions through calendars, schedules, flyers and in coordination with other city recreational entities. An effective "social media/digital marketing" program with some radio and print media exposure can be developed for less than a $9,000.00 cost.

Report Summary

Mulligan's Golf and Games has great potential as a golf learning center and a family recreational activities center. It has a solid financial future especially when the initial purchase bonding is retired. They compare well with their competition and are viewed as an asset with the expanded South Jordan golf community. Local golf is trending up in both rounds played (uses) and revenues especially amongst Mulligans key target demographic groups.

Although currently running at a slight budget deficit, if the new operational suggestions are effectively implemented and the state economy continues to grow Mulligans should be self-sustaining within a short period of time. Having Mulligans operation achieve sustainability would reinforce the initial decision to invest in Mulligan's Golf and Games.

Generally administrative services provided by Mulligans are adequate to above average. The weaker aspects of the operation have been noted in the full report. What doesn't show up in the finance reports and the miss-perception that Mulligan's is not financially viable or the consideration for the lifestyle and greenbelt benefits that South Jordan residents enjoy.

This report focuses on operational and facility evaluations. It does not delve into the sale of the facility or possible alternate uses for the land. This is a decision to be made by the South Jordan City Council however a mixed recreational use combined with a limited commercial use plan is possible. The par-three and executive courses could be re-routed to include space for some restricted use commercial projects. The costs of the changes must be evaluated against the return and the potential loss of Mulligans revenue. Our team would not recommend mixed use changes at this time. A plan of that kind would need a lot more research and study and is not part of the scope of this report.

We hope that you find this report useful and that it will have benefit for both the City of South Jordan and its residents.

Please feel free to forward any additional questions or clarifications to the report team.

PGA
Utah Section

PGA PerformanceTrak

Category	Value
Rank among sections	10th
Participating facilities	36
Percentage	36.7%

Unemployment Rates

Category	Percentage
United States	5.6%
Utah	3.5%
Nevada	6.8%
Wyoming	4.2%
PGA Professionals	4.6%
Utah PGA Section	1.9%

2014 Rounds Played

Location	Percentage	Rounds
Nationwide	-1.4%	Down
Utah Section	+5.6%	Up
Nevada	+2.1%	Up
Utah	+5.8%	Up
Wyoming	+1.2%	Up

Nevada

3.4M rounds played in Nevada. This equals 1.2 rounds per capita.
209,631 golfers and 149,656 golfing households in Nevada.

Utah

3.9M rounds played in Utah. This equals 1.4 rounds per capita.
245,575 golfers and 175,317 golfing households in Utah.

Wyoming

0.6M rounds played. That equals 1.1 rounds per capita.
49,465 golfers in Wyoming and 35,313 golfing households in Wyoming.

Facilities

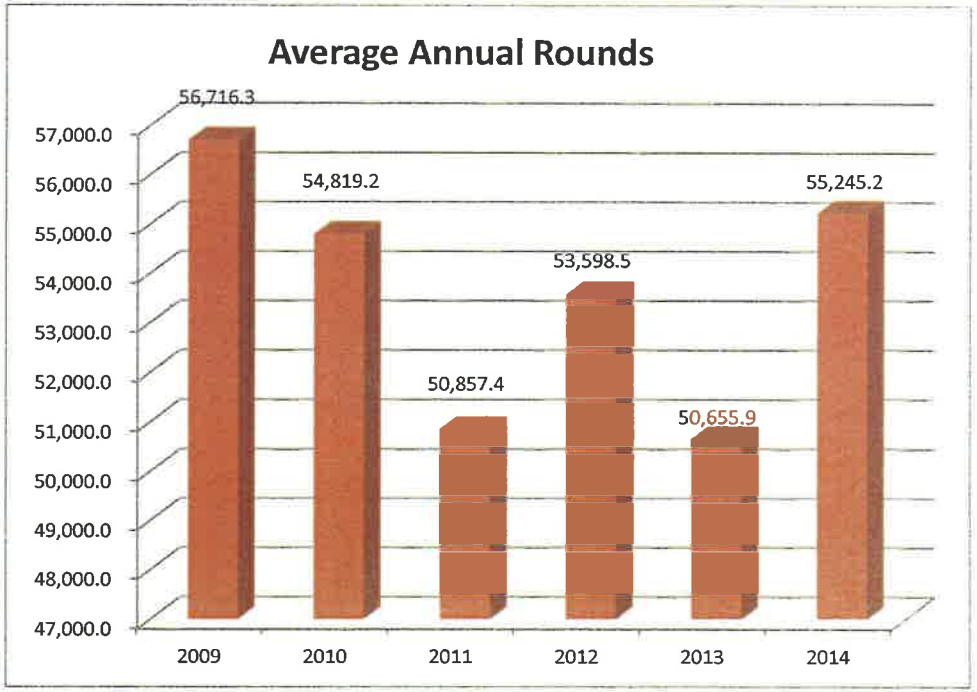
179 facilities in Section
115 Staffed by a PGA Professional (64%)

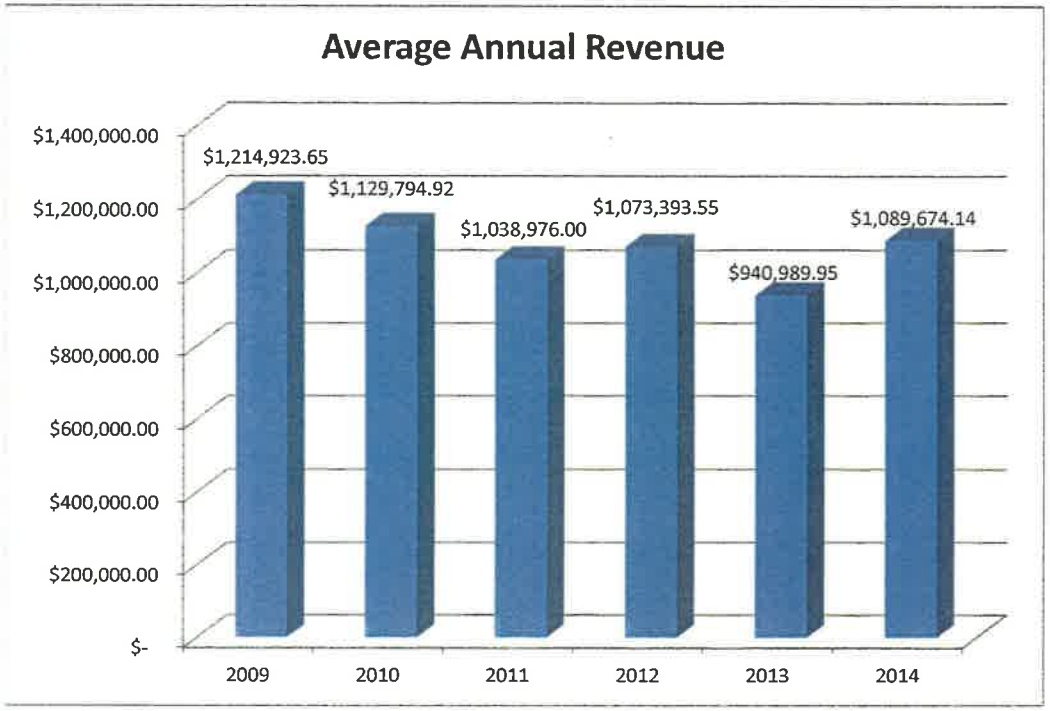
Facility Type vs. Staffed by a PGA Professional

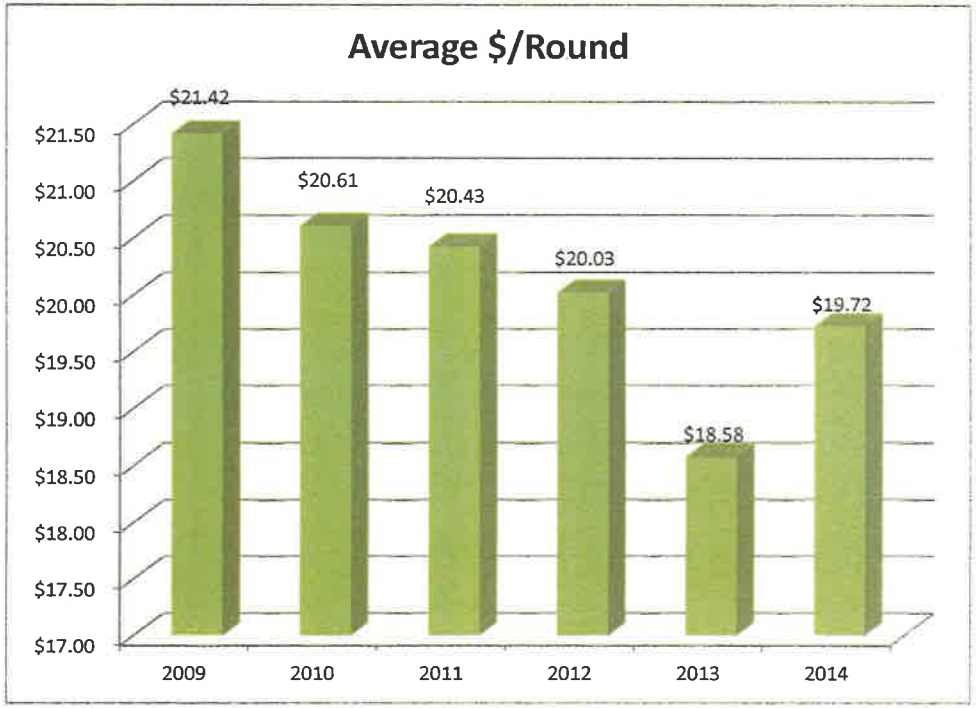
Category	Facility Count	Staffed by a PGA Professional
Private	24	20
Daily Fee/Semi-Private	28	17
Municipal/Military	70	58
Resort	4	3
Golf Range	3	1
Golf Academy/School	3	0
Indoor Golf Center	14	7
Golf Retail Store	8	1
Golf Company	25	8

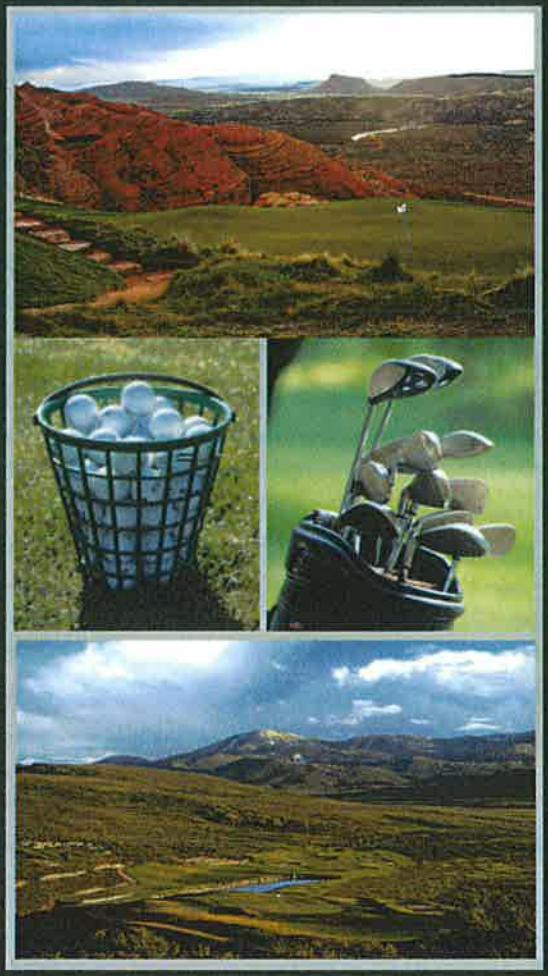
Utah Section Golf Facility Utah On Par Reports *Based on 29 percent facilites reporting

Year Average	All Golf Facilities	2013	2014	% Change
Weather	Total Days Open for Play	270	306.9	13.6%
Facility Golf Rounds	Total 9-Hole Rounds	50,655.86	55,245.16	9.1%
Facility Revenues	Green Fee Revenue	$ 540,641.61	$ 627,807.98	16.1%
	Cart Fee Revenue	$ 196,352.67	$ 249,916.03	27.3%
	Golf Shop Revenue	$ 207,956.74	$ 150,872.63	-27.4%
	Range Fee Revenue	$ 45,617.66	$ 51,814.48	13.6%
	Food & Beverage Revenue	$ 123,071.42	$ 166,597.90	35.4%
	Total Facility Revenue	$ 940,989.95	$ 1,089,674.14	15.8%









THE UTAH GOLF ECONOMY:

ECONOMIC AND ENVIRONMENTAL IMPACT SUMMARY REPORT

This report was commissioned by
GOLF 20/20 for the
Golf Alliance for Utah,
and prepared by SRI International.

Utah Golf's Economic Impact

Impact

Utah's golf industry generated a total economic impact of $805.6 million in 2012, supporting 9,625 jobs with wage income of $250.1 million.

Utah is for outdoor enthusiasts, and no one knows this better than golfers. Set amongst the state's natural wonders and wide-open spaces, Utah's 120 golf facilities represent more than a recreational pastime. Golf is a key industry contributing to the vitality of Utah's economy.

In 2012, the size of Utah's direct golf economy was approximately $400 million. The golf industry has played a critical and essential role in rounding out the state's tourism industry, outside of the ski season and in other parts of the state, from the Wasatch Front to small, rural communities, and from the high country valleys in the north to the mild climates of St. George in the southwest and Moab in the east.

Golf brings visitors to the state, spurs new residential construction, generates retail sales, and creates demand for a myriad of goods and services. **In 2012, Utah's golf industry generated a total economic impact of $805.6 million, supporting 9,625 jobs with $250.1 million of wage income.**

The continued health and growth of the golf industry has a direct bearing on future jobs, commerce, economic development, and tax revenues for a large number of Utah's communities and industries.

Golf's Impact on Utah's Economy (2012)

Industry	Direct ($ M)	Indirect	Induced	Total Output ($ M)	Total Jobs	Total Wage Income ($ M)
Golf Facility Operations	**$186.9**	→		**$386.4**	**5,106**	**$119.0**
Golf Course Capital Investments*	$24.5	→		$27.0	255	$8.9
Golf-Related Supplies	$27.6	→		$46.9	535	$14.7
Tournaments & Associations	$4.3	→		$10.2	107	$3.2
Real Estate **	$64.7	→		$128.5	1,216	$42.2
Hospitality / Tourism	$91.3	→		$206.6	2,405	$62.1
TOTAL	**$399.2**	→		**$805.6**	**9,625**	**$250.1**

Note: To calculate golf's total economic impact, SRI subtracted from the direct golf economy impact of $399.2 million the portion of capital investment that is investment in existing facilities ($13.1 million of $24.5 million) and the portion of real estate that is the realized golf premium associated with the sale of real estate in existing developments ($10.3 million of $64.7 million). This is because:

*Golf course capital investments—Only new course construction has an indirect and induced economic impact. Other types of facility capital investment are typically financed through facility revenues and, therefore, are omitted to avoid double-counting.

**Real Estate—Only golf residential construction has an indirect and induced impact. The golf premium associated with golf real estate is considered a transfer of assets rather than new economic activity.

SRI International

Industries

The golf economy begins with the golf facilities, themselves, and with other core industries that produce goods and services used to operate facilities and to play the game (e.g., equipment and apparel, turf maintenance, course construction, club management). The game of golf further enables other industries, including golf tourism and golf real estate development.

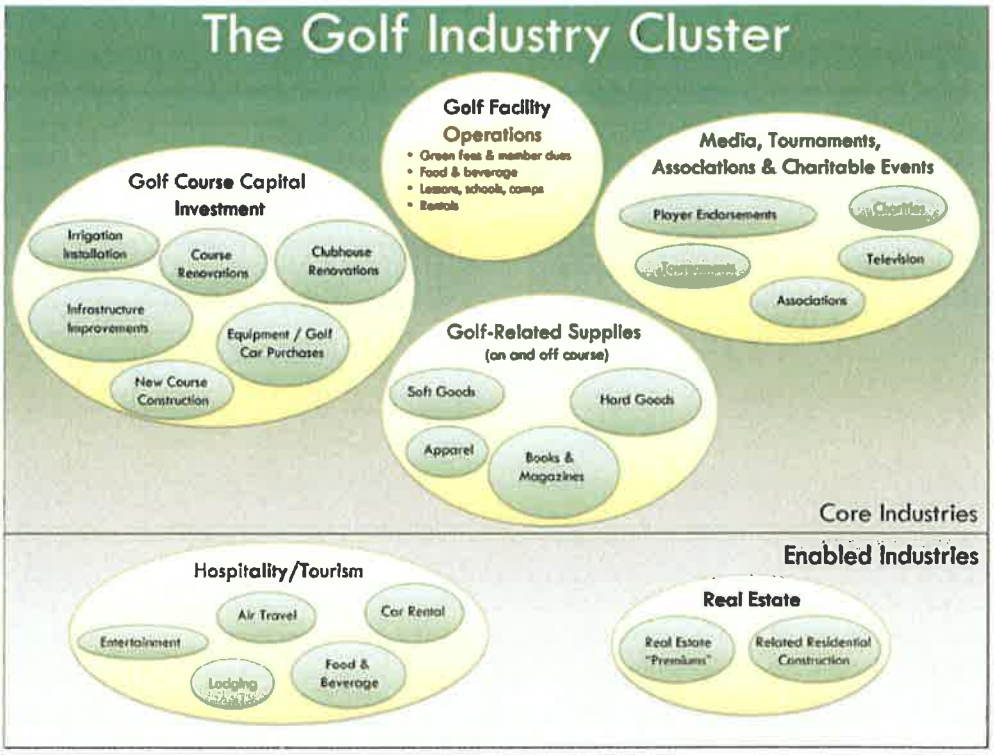
Core Industries

Golf Facility Operations: Utah's 120 golf courses, 3 stand-alone ranges, and 3 miniature golf facilities generated $186.9 million of revenues in 2012.

Golf Course Capital Investments: Utah's golf facilities made $24.5 million of capital investments in 2012: $13.1 million in existing facilities and $11.4 million in the construction of new courses.

Golf-Related Supplies: Out-of-state shipments by Utah golf equipment and golf-related software companies (e.g., OGIO International, TruGolf, Swing Master Golf, and Vision Perfect Software, etc.) were approximately $6.1 million in 2012. In addition, the margin made on state retail sales of golf equipment, apparel, and media totaled $21.5 million.

Major Tournaments and Associations: Utah hosted one professional golf championship in 2012, the Utah Championship Web.com Tour event. In-state expenditures to host this event, along with spending by state and local golf associations to support junior and amateur events, generated $4.3 million. (The tournament figure excludes the tournament purse and costs for TV broadcasting.)



Enabled Industries

Golf Real Estate: Golf-related residential construction totaled $54.4 million in 2012. The "golf premium" generated by sales in Utah's 25 golf communities was $10.3 million.

Hospitality/Tourism: SRI estimates that golf drew day-trippers and tourists to courses in different parts of the state generating $91.3 million of golf-related spending.

Future

The continued health and growth of the golf industry has a direct bearing on future jobs, commerce, economic development, and tax revenues for a large number of Utah's communities and industries.

Size of Utah's Golf Economy in Comparison to Other Industries 2012 ($ million)	
Fitness and Recreational Sports Centers	$145.8
Medical Devices Manufacturing	$262.2
Basic Chemical Manufacturing	$295.7
Golf	**$399.2**

Sources: U.S. Census Bureau (2013), 2007 Economic Census, Geographic Series: Fitness and Recreational Sports Centers (NAICS 71394), Electromedical and Electrotherapeutic Apparatus Manufacturing (NAICS 334510), and Basic Chemical Manufacturing (NAICS 3251). 2007 revenues adjusted to 2012 dollars using the GDP deflator.

- The importance of golf in Utah extends beyond the golf facilities themselves. With nearly $400 million in direct economic activity in 2012, the sheer size of the game of golf makes it a major industry in its own right and a significant contributor to Utah's economy.
- Utah's golf industry is comparable in size to other important industries in the state, including fitness and recreational sports centers, medical devices manufacturing, and basic chemical manufacturing.
- In addition, Utah's golf industry has played a critical and essential role in rounding out the state's tourism industry outside of the ski season and in other parts of the state.
- In 2012, golf facilities represented the largest golf industry segment in terms of revenue followed by golf tourism and real estate.

Utah Golf Gives Back

- Utah golf course owners, club managers, and golf professionals are happy to serve as access points for fundraising by local service organizations.
- Numerous charitable events are hosted on Utah's golf courses each year, benefiting organizations such as Special Olympics-Utah, the Huntsman Cancer Institute, The Children's Justice Centers, Junior League of Salt Lake City, United Way of Salt Lake, Boys & Girls Clubs, community health organizations, and many others.
- Many not-for-profit organizations, such as the First Tee program and The Utah Section of The PGA's Utah Junior Golf Foundation, and other local golf associations introduce Utah youths to the game and values of golf.
- The total amount of charitable giving attributed to the game of golf in Utah approached $11.2 million in 2012.

The full version of The Utah Golf Economy report is available at:
http://www.golf2020.com

SRI International

Utah Golf's Environmental Impact

Water

Water is a key resource for the Utah golf industry—as is the case with many other industries. However, Utah golf courses account for **less than 1% of total diverted water** in the state, and the economic return on the water used by the golf industry is much higher than any other water-diverting agricultural crop.

Water is an important resource for the Utah golf industry, as in many other industries—e.g., agriculture, industry, hotels and restaurants, etc. However, Utah is the second most arid state in the country, averaging only 13 inches of precipitation annually. At the same time, Utah has experienced the third-fastest population growth in the country, and this trend is expected to continue in coming decades. Therefore, stewardship of the land, especially as it relates to the use of precious water resources, is paramount for the golf industry and local communities.

Utah golf courses:

- Represent 3.9% of the turfgrass in the state;
- Consume 0.8% of diverted water used for agricultural irrigation;
- Account for 0.65% of total diverted water; and
- Generate significantly higher economic returns per acre-foot of water used, resulting in much greater economic output, jobs and income for state residents.

Utah Golf Water Usage and Economic Returns Comparisons

	Irrigated Acreage	Revenue per Irrigated Acre	Revenue per Acre-ft of Water
Golf courses	**11,536**	**$16,035**	**$5,529**
Alfalfa	580,000	$774	$365
Other hay	180,000	$336	$190
Winter wheat	124,000	$397	$325
Other spring wheat	20,000	$506	$337
All major crops, total	904,000	$629	$329

Sources: SRI calculations based on survey data from the The Environmental Institute for Golf (2009). *Golf Course Environmental Profile, Volume II: Water Use and Conservation Practices on U.S. Golf Courses*; U.S. Department of Agriculture, National Agricultural Statistics Service (2012), Utah Agricultural Statistics 2012 Annual Report; Hill, R.W., Barker, J.B. and Lewis, C.S. (2011), "Crop and Wetland Consumptive Use and Open Water Surface Evaporation for Utah," Utah State University.

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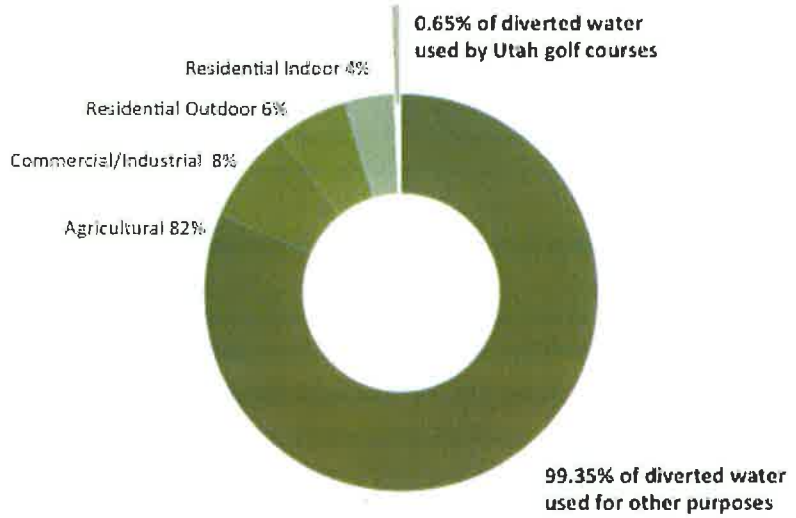
Conservation

The Utah golf industry continues to proactively pursue conservation strategies to reduce its environmental footprint and reduce water consumption at Utah golf courses.

Breakdown of Utah's Use of Diverted Water, 2010



Source for golf course water consumption: SRI calculation based on survey data from The Environmental Institute for Golf (2009). *Golf Course Environmental Profile, Volume II: Water Use and Conservation Practices on U.S. Golf Courses.*
Source for other types of water consumption: Utah Office of Legislative Research and General Counsel (2012), *How Utah Water Works*, and Utah Division of Water Resources (2010), *Municipal and Industrial Water Use in Utah*.

As shown in the chart above, agriculture accounts for 82% of total diverted water consumed in the state. Water consumed by households for drinking, washing, maintaining landscapes, etc., accounts for 10%, while commercial/industrial use accounts for 8% of diverted water consumed.

By comparison, Utah golf courses account for less than 1% (approximately 0.65%) of total diverted water consumed in the state.

The Utah golf industry aggressively pursues conservation strategies to reduce its environmental footprint by enhancing natural landscapes and limiting water consumption.

Examples of these initiatives include:

- Conducting soil moisture and sprinkler system audits to improve irrigation efficiency with new technology and infrastructure;
- Managing customer expectations—more natural landscapes, increase in non-irrigated areas in the rough or out-of-play, firmer ground on less played parts of the fairway; and
- Investing in research and continuing education for golf course superintendents and turfgrass specialists, such as studies by Utah State University and Utah water resource agencies to better understand water requirements for specific weather regions.

The full version of The Utah Golf Economy report is available at:
http://www.golf2020.com

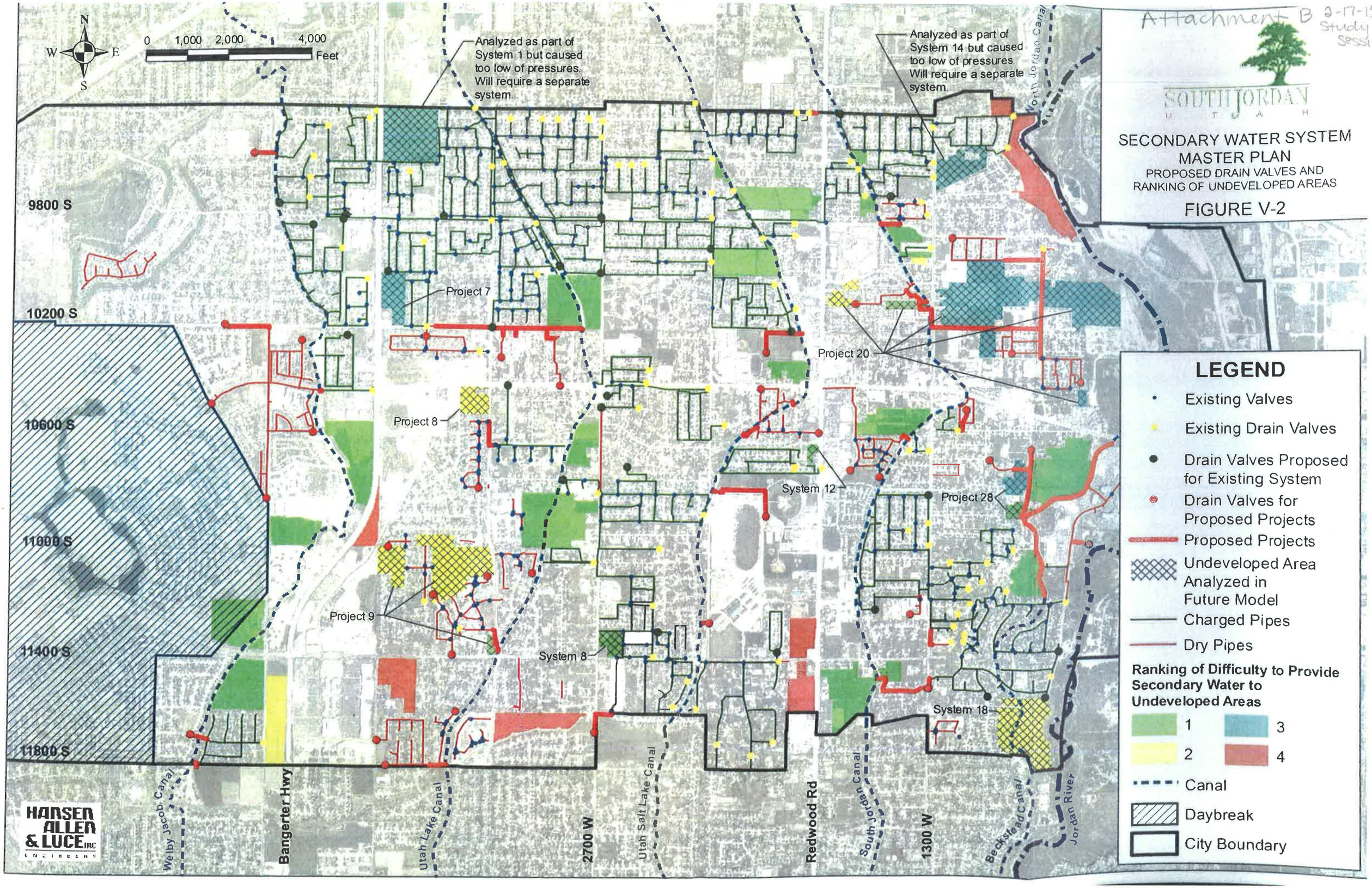
Attachment B 2-17-15 Study Session

SOUTH JORDAN UTAH

SECONDARY WATER SYSTEM MASTER PLAN

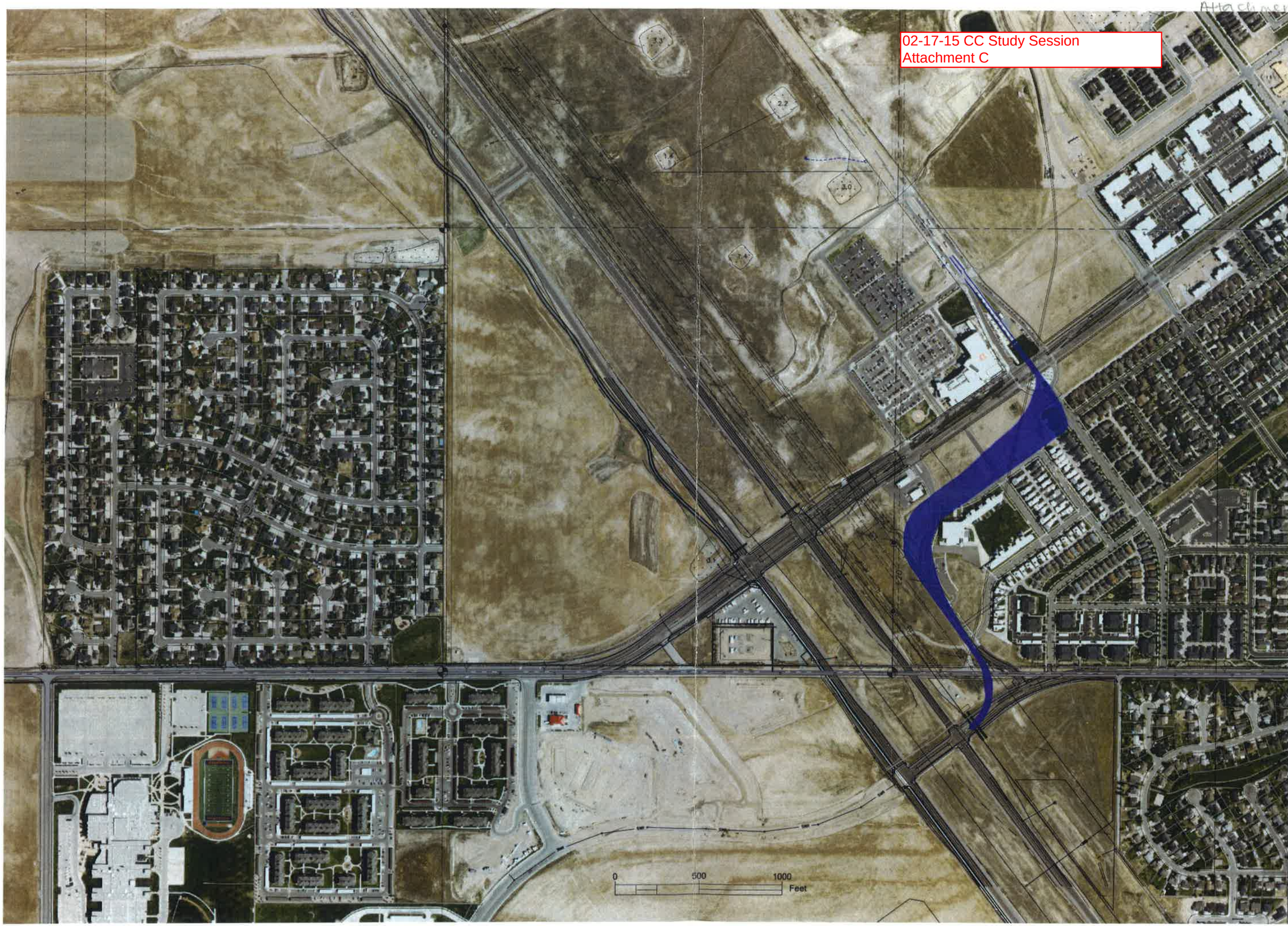
PROPOSED DRAIN VALVES AND RANKING OF UNDEVELOPED AREAS

FIGURE V-2



Attachment C 2-17-15 Study Session

02-17-15 CC Study Session
Attachment C



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SOUTH JORDAN CITY

CITY ENGINEER DATE

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DWN BY: XXX
CKD BY: XXX
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