



Madison Parks Division

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April 22, 2022

TO: Finance Committee

FR: Eric Knepp, Parks Superintendent

CC: Mayor Rhodes-Conway; All Alders; Board of Park Commissioners; Golf Subcommittee

Re: Legistar #70597 – Approving Sale of a Portion of Yahara Hills Golf Course

The resolution before the Finance Committee authorizes the sale of approximately 231 acres of the Yahara Hills Golf Course to Dane County for a future landfill, compost site and sustainable business park. The Parks Division has operated two 18-hole golf courses at Yahara Hills since 1968 on approximately 451 acres of land. The Parks Division owns an additional 126 acres bordering the current golf course (to the southeast and west). After the sale, there would still be approximately 350 acres of park land in this area, which would remain the 2nd largest land holding in the system. As a part of the sale process, there are four lease agreements that provide the opportunity for the City to continue offering golf at the property through at least 2042. All of the lease agreements included come at no additional cost to the City or GEP.

Golf Enterprise Program Financial History

The four courses operate as a separate budgetary unit within the City of Madison Parks Division. This separate budgetary unit is referred to as the Golf Enterprise Program (“GEP”) based on the City’s policy choice to budget and account for golf operations using enterprise fund accounting standards. This method of accounting has been in place since at least the early 1980s. Though financial records are limited from the 1980s, available information indicates the GEP was profitable at that time and continued to generate profits into the 1990s. These profits were held as reserves within the fund. The GEP was unprofitable across the 19 years from 2000 to 2018. By the end of 2018, a historically bad year for golf, the GEP had exhausted all available financial reserves to cover operating losses. At the end of 2018, the GEP was in a negative cash position of \$813,340 and required an advance from the City’s General Fund¹. By the end of 2019, that advance had grown to \$1,316,829.² The Common Council authorized the Advance from the General Fund of up to \$1.5M via [RES-19-00728 \(Legistar 57618\)](#). The GEP started 2020 in a very precarious position, but as with many golf courses across the country, the GEP had a very successful 2020. The GEP had a comprehensive net profit of \$260,515 in 2020 and was able to make a sizable early repayment to the general fund bringing its Advance total down to \$802,005.³ The GEP had another successful and profitable year in 2021, with an estimated comprehensive net income of above \$450,000, which would certainly be a new record. The GEP made the \$100,000 payment as anticipated in the original authorization for the advance, bringing the amount it owes the general fund down to about \$700K. Though the last two years have been very successful, it is not feasible to sustain without reinvestment in the properties. The financial position of the GEP is at its strongest in quite some time, but the stability of having reserves to strategically invest would provide an opportunity to establish a much more stable financial management plan for the GEP that truly insulates it from the General Fund, while providing the desired service, and stewarding a significant amount of acreage of park land.

¹ [2018 City of Madison CAFR - Pg. 60](#)

² [2019 City of Madison CAFR - Pg. 102](#)

³ [2020 City of Madison CAFR - Pg194, Pg 100](#)

Task Force on Municipal Golf in Madison Parks

The Task Force on Municipal Golf in Madison Parks was formed in 2019 to provide recommendations to the City related to the GEP and the land that it currently uses. The Task Force deliberated for a little more than a year, with some delay from the pandemic, and ultimately released its [Final Report](#) on July 31, 2020. The Final Report was accepted by the Common Council on January 5, 2021⁴. The report included ten recommendations, including a recommendation that the City should continue providing golf services and that it should reduce 18 holes of golf at Yahara Hills. Though the Task Force did recommend against selling of park land to generate reinvestment, it did not have the specific proposal related to a sale to Dane County to consider. The sale is a unique one in that its truly long term use will be for almost all of the land to return to park and recreation purpose over the next 100 years. The Task Force also recommended making investments that would promote a more inclusive and sustainable GEP. Many of these, such as a well at Odana, could save significant amounts of drinking water from being used to irrigate the course as well as reduce pumping that water longer distances. These investments also make sound financial sense, but could not be undertaken without resources that the GEP has not had over the last 20 years.

Future Plans for the Golf Enterprise Fund

The Parks Division is focused on creating a sustainable future for the GEP and corresponding park land it utilizes. This will require reinvestment in a strategic and creative manner, as all of the courses have significant amounts of deferred maintenance. This will also require sustained efforts to broaden the overall connection of the park land to non-golfers. The opportunity to, after repayment of the outstanding advance from the general fund, have stable reserves, in addition to the creative privately funded investments (e.g. The Glen Golf Park) would substantially change the future outlook for the GEP. If these reserves are allocated wisely they could leverage additional private support for reinvestment. Strategic reinvestment in these properties within available resources provides an opportunity to continue providing affordable, accessible, and inclusive golf opportunities to the community into the future.

The Parks Division is developing more detailed plans for the reinvestment in these properties utilizing the resources from the sale. These plans would be considered by the Council as a part of future Capital and Operating Budgets. Though a final plan is still being developed by staff, the general idea at this time would be to invest in a project team primarily comprised of City staff to perform needed updates to Yahara, Monona, and Odana golf courses. The concept would be to hire limited term employees on a full time basis for 2 to 3 years to conduct this work. This would include capital reinvestment in the golf courses, but also significant focus on improving the land management of the park land in total. A significant benefit of using this method would be the ability to potentially plan for future staffing needs of the GEP.

Additionally, the reserves could be used to fund the needed maintenance and storage needs at Yahara after the existing area's lease expires in 2028. This has the opportunity to be combined with longer term desires of the Parks Division and Streets Division to address storage needs. Finally, there are significant clubhouse facility needs at Monona and Odana. The reserves, along with ongoing profitability (though unlikely to be at 2020/2021 levels going forward), would allow the City to determine what type of facilities ought to be located at these locations and how to best fund those investments. Having a stable fund would also allow for consideration of the potential of utilizing revenue bonding to meet future infrastructure needs. This tool was unavailable by 2009, which led to the continued spiral of operational losses due to lack of reinvestment. Having reserves that could cover the costs for the basic needs of the golf operation would allow for a more thoughtful and strategic investment at these locations.

⁴ [RES-21-00007, Legistar #61936](#)