

## **Request Post-Budget Capital Project Approval for Golf Courses**

### **ISSUE**

This report provides information and requests post-budget approval for a capital project to purchase 47 golf carts for the City of Saskatoon (City) golf courses, with a budget of up to \$130,000, to be funded from the Golf Course Capital Reserve.

### **RECOMMENDATION**

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That a capital project of \$130,000 required to purchase 47 golf carts, be approved; and
2. That funding for the capital project from the Golf Course Capital Reserve, be approved.

### **BACKGROUND**

The City of Saskatoon (City) operates three unique, affordable golf courses in Saskatoon: Holiday Park Golf Course (Holiday Park), Silverwood Golf Course (Silverwood) and Wildwood Golf Course (Wildwood). In 2023, Holiday Park had the highest number of rounds of golf in the entire province of Saskatchewan. Wildwood and Silverwood were in the top 10 for the number of rounds of golf in the province. Overall combined attendance at the three municipal golf courses in 2023 was 138,380 rounds.

The current lease agreement for 127 golf carts concludes in October 2024. The lease agreement includes an option for the City to purchase all or some of the golf carts.

In 2023, the City's golf course revenue included \$893,638 from power cart rentals at Holiday Park and Wildwood.

### **DISCUSSION/ANALYSIS**

Administration is recommending the purchase of 40 golf carts and seven light utility carts, at the end of the lease term, for approximately \$2,600 per cart plus applicable taxes. Utilizing this buyout or purchase option will reduce the quantity of golf carts required in the new golf cart lease contract beginning in 2025, reducing the lease expense in the operating budget while allowing the golf course operations to continue to collect golf cart rental revenue.

Administration has done a condition assessment on the 40 golf carts and seven light utility vehicles and concluded that the market value exceeds the \$2,600 buyout price and that they can be utilized for 2 to 3 more seasons with regular annual maintenance. The 40 golf carts would be located at Wildwood where cart usage is lower in volume than Holiday Park. After two or three seasons, the carts could be sold and the funds directed back to the Golf Course Capital Reserve (Capital Reserve).

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Administration has reviewed the current market and is confident the City should be able to recoup the majority if not all of the \$130,000 when the carts are ultimately sold, even after use for two or three more golf seasons.

### **FINANCIAL IMPLICATIONS**

Golf course operations contribute annually through the operating budget to the Capital Reserve, which funds golf course improvements through capital projects. The City's golf courses, continue to meet the 100% cost recovery goal and, do not have an impact on the mill rate. In 2023, golf course revenues were \$5,036,538, expenditures were \$3,937,021 and transfers to reserves were \$1,099,517.

The post budget capital budget request described in this report is for \$130,000. The Golf Course Capital Reserve has a projected unallocated balance at the end of 2024 of \$2,248,100. The Reserve has sufficient funds to purchase 40 golf carts and seven light utility vehicles without negatively impacting future golf course improvements and capital projects.

The Administration has reviewed the annual maintenance costs associated with the purchase of these carts and utility vehicles and projects an additional \$9,400 to the annual equipment maintenance operating expense.

The 2025 operating budget includes an annual lease payment of \$64,400 to lease 40 golf carts at Wildwood. Subject to approval of this post budget capital project, this lease cost would not be realized in 2025. As a result, golf course operations would realize a projected net savings of \$55,000 after accounting for the additional \$9,400 in equipment maintenance. The additional operating savings, subject to all other budget items being equal, would flow to the Capital Reserve to fund future golf course improvements and equipment purchased.

### **OTHER IMPLICATIONS**

There are no privacy, legal, environmental or social implications identified.

### **NEXT STEPS**

Subject to City Council approval, Administration will inform the lease company of the City's decision to purchase 40 golf carts and 7 light utility carts and make arrangements to return the 80 remaining golf carts.

Administration will also begin preparing the Request for Proposals for a new golf cart lease for 80 carts for the Holiday Park Golf Course for the 2025 golf course season. There will be no disruption to golf course operations in 2024 or 2025.

### **REPORT APPROVAL**

Written by: Brad Babyak, Recreation Services Manager  
Reviewed by: Andrew Roberts, Director of Recreation and Community Development  
Approved by: Lynne Lacroix, General Manager, Community Services

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