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spotlight

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Lexington Links' Losses

The city government has no business being in the golf business

KEY FACTS: **• Over the past seven years, Lexington's city owned and operated golf course experienced operational losses of over $1.3 million.**

• The city unfairly competes with 18 private courses in the area.

• Private golf courses pay taxes that support government services; the city golf course does not.

• Unlike police and fire protection, golf is not an essential city service.

• If the course were sold, city taxpayers would gain the amount of the sale and avoid paying its average annual losses of nearly $190,000 per year (over $400,000 the past two years).

• Also, a privately owned golf course would contribute to the tax base of the city and county.

Lexington is rightly proud of the fact that it is the home of Lexington Bar-B-Que and the annual Bar-B-Que festival. But given the city's spending habits, Lexington could also be known as the home of Big Golf. The city owned and operated Lexington Golf Club lost more than $1.3 million over the last seven years. That's right, city taxpayers paid more than $1.3 million to subsidize the recreation of a small minority of golfers.

While the renovations begun in 2003 cut the 2004 fiscal year revenues in half, they have sprung back to near normal levels in fiscal 2005 and exceeded normal levels by nearly $150,000 in fiscal 2006. The problem is the jump in operating expenditures. After holding rather steady at about $500,000 per year from 2000 to 2004, operating expenditures soared to nearly $1 million in each of fiscal years 2005 and 2006. The operating deficit for these two years combined is more than $800,000. Apparently a renovated golf course costs a lot more to operate while not generating enough business to cover those expenses.

Nothing against golf, but many cities consider it more important to spend money on police and fire protection and improving the streets than paying for the recreational activities of a small minority of golfers. Think of it this

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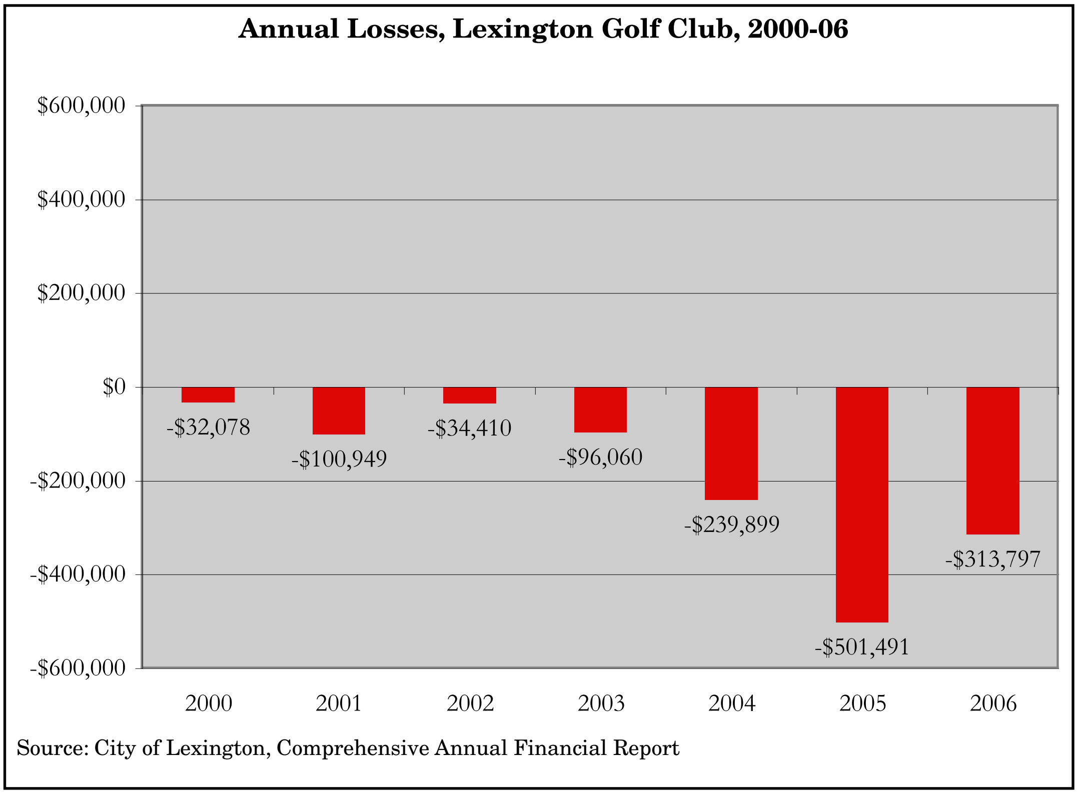
way. What would happen if the mayor suggested that the city devote 117 acres of city land and spend nearly $190,000 per year for a polo field that benefits a very small number of Lexington polo players? I don't think he would be reelected. But the mayor and city council are doing just that for Lexington golfers.



In addition, the taxpayer-subsidized golf course competes with 18 private golf courses in the area. Several of these courses offer green fees that are competitive with the city golf course's even without the taxpayer subsidy. In fact, when the taxpayer subsidy is added to the green fee at Lexington Golf Club, the true cost of a round of golf there is almost double the green fee charged — nearly $41 for 18 holes. This higher fee is comparable with some of the more exclusive courses in the area.

Private golf courses pay taxes that support essential governmental services. The 117-acre city golf course is not on the tax rolls, unlike the six private golf courses in Davidson County. Imagine how would you feel if you owned a sporting goods store and you were being made to support a city-owned competitor that offered sporting goods at lower prices because it receives nearly $190,000 per year in tax subsidies. The city golf course is unfairly competing with private courses in the area.

The city council should follow the advice of the great Oklahoma humorist Will Rogers: "When you find yourself in a hole, first stop digging." It seems clear that the city should cut its losses. The golf course could be sold to a private golf company or it could be converted to another public use such as a multi-purpose park.

Recommendations

Selling the golf course seems to be the better option because it would benefit Lexington taxpayers in three ways. First, the city would gain funds from the sale that could be used for essential city services, such as hiring more police officers and filling potholes. Next, the city budget would be increased by nearly $190,000 per year because the city would no longer have to cover the golf course's operating deficit. That contribution to the city budget would be even greater if the last two years' average loss of $400,000 became the trend. Finally, by transferring the land to the private sector, the land would be returned to the tax rolls, and the new owners would pay taxes, boosting the city budget and perhaps preventing a future tax increase.

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