

STATEMENT FROM THE CITY OF CEDAR HILLS  
NOVEMBER 26, 2012

Where inaccurate or incorrect information is advanced, the City feels it is in the public interest to provide an accurate and correct summary. Inaccurate or incomplete information regarding the golf course and a recent lawsuit has been spread and the City wishes to address those statements.

Golf Course

In the September 2011 newsletter the City published the following statement: “The City golf course has shown positive cash flow from operating activities since 2005 and even had a cash surplus of over \$90,000 in 2009.” This statement refers to a section of the Statement of Cash Flows in the City’s audited financial statements that addresses much, but not all, of the overall financial position of the golf course. While the statement is accurate as it relates to operations, for some it created the impression that the golf course, as a whole, was profitable. This was a misunderstanding. The golf course receives an annual subsidy through tax dollars. Due to questions surrounding the financials of the golf course, the Mayor created an ad hoc Golf Course Finance Advisory Committee and tasked them with analyzing the history of the golf course and creating a summary for residents. The committee presented their findings at a recent townhall meeting. This presentation provided a breakdown of revenues and expenses by year and explained the annual subsidy received by the course. In addition, this committee developed a marketing plan that could help increase revenues.

Public records of the City are open to the public. Regardless of what a few residents claim, the City has never tried to withhold information from residents or attempted to mislead residents. Claims that the City had incorrect financial data on the course are mistaken and misleading. In addition to internal financial reviews, the City has an annual audit performed by an outside auditing agency. The financial data that has been presented to residents has been audited and there were never any findings supporting claims of incorrect, misleading, or misappropriated funds. The City’s audited financials are available on the City website for anyone to review. In addition, the Council is working on adding to the Golf Course Advisory presentation and that will be available on the website this week. The Mayor and Council encourage residents to review the presentation and ask questions.

With regards to free golf, the Mayor and Council do not receive unlimited free golf. As a policy, City employees do receive this benefit. They are required to play on their own time and cannot book a tee time so as not to interfere with paying customers. This benefit only extends to City employees and not their family or friends. The Golf Course Committee looked at the free golf and concluded that most staff members are not even using this benefit and it has minimal impact on the City’s financials.

Impact Fee Lawsuit

Earlier this year, the Utah Valley Homebuilders Association filed a lawsuit against the City with regards to the collection and use of recreation impact fees. The lawsuit alleged, among other things, that impact fees collected from developers were not expended within six years as required. A few residents like to claim that had a swimming pool or other type of recreational facility been built instead of the existing recreation center then the City would not have been sued. This is simply not true. The Utah Valley Homebuilders Association had various different claims and has sued several other cities with regards to impact fees, regardless of the type of facility built. The City did reach a mutually agreeable settlement with UVHBA. Under the terms of the settlement agreement, the parties agreed that no liability has been established and that by settling the City does not admit to any wrongdoing. The City agreed to pay \$175,000, which is approximately the amount of recreation impact fees that had not yet been spent, and reimburse attorney’s fees in the amount of \$15,000. Additionally, the City has adopted an ordinance to

repeal the recreation facilities component of the park impact fee previously assessed and collected by the City. At no time has UVHBA asked the City to change how the Community Recreation Center is being used. While a portion of the building is utilized for the recreational purpose of a golf clubhouse, the rest of the facility is currently being used for a variety of recreation programs, for other City functions, and for events.

The city has unfortunately had a history of contention with respect to the golf course and its impact on the budget. It was the City's intention to try to heal these divisions by appointing a resident-driven committee to review the golf course financial statements and provide a comprehensive summary of the financial state of the course to date. City officials and staff are grateful to the committee for their hard work and will be posting this material to the City's website so that residents who were unable to attend the townhall meeting can review it as well. This kind of full transparency can help to move the City forward. While there may be some residents who continue to make accusations, it is the hope that most residents can overcome past divisions and focus on working together to make the course successful and minimize the subsidy from the City.

The City will continue to address any incorrect or misleading data that is presented and encourage residents to visit the City's website to receive these updates. Residents who have questions are encouraged to contact Mayor Gary Gygi or City Manager David Bunker. Contact information can be found online at [www.cedarhills.org](http://www.cedarhills.org).

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