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PORTLAND

Portland's city-owned golf courses are essentially broke, auditors find

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Michael Lloyd/Staff

Portland's Colwood Golf Center, pictured in 2014.

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By [Gordon R. Friedman | The Oregonian/OregonLive](#)

Portland's publicly-run golf courses are essentially bankrupt, city auditors concluded in a report published Thursday.

The courses are "at a crossroads," the report said, and were kept solvent in 2017 only through an \$800,000 taxpayer-funded bailout.

Portland has owned golf courses for more than 100 years and currently owns five courses: Colwood, Eastmoreland, Heron Lakes, Rose City and RedTail Golf Center, though RedTail is located in Beaverton.

The courses cost \$9.6 million to run in 2018 and are supposed to generate at least that much in revenue from players at the 99 city-offered holes.

The program as a whole is a money-loser, however, according to the audit. Colwood and Rose City both lost money for four straight years, for example. Administrative costs top \$1 million a year.

Golf courses owned by the city of Portland. Source: Audit Services Division.

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Audits say there are multiple causes. Golf is declining in popularity, and fewer rounds are being played on the courses. The city also employed "lax contract management" over the companies it hires to run the courses.

Losses caused the city council to approve an \$800,000 bailout in 2017, but the conditions that caused it "are projected to worsen," according to auditors, because of mounting employee retirement and health care costs.

Colwood, located near Portland International Airport on Columbia Drive, has posed a particular challenge. The city borrowed money to buy it in 2014 and restore wetlands on part of the property. But "construction challenges" delayed its opening and the city could not repay its debt as originally planned. A "balloon payment" is due in 2023.

RedTail is also in a unique situation. Because the course is operated under a lease agreement, state law requires the city to pay property taxes on the course grounds. The bill in 2018, according to a parks bureau spokesman: \$163,806.

The Heron Lakes, RedTail and Eastmoreland courses consistently break even, but not enough to keep the program whole.

Parks officials have tried to stave off the losses. They cut groundskeeper positions and left two superintendent jobs vacant, for example. Officials have also tried to promote golf's appeal to recruit new players.

It's unclear if those efforts have done much, auditors found, because the city "has not collected data about consumers."

Problems caused by declining revenues compound each other, auditors said. Deferred maintenance on city-owned course clubhouses makes them less appealing for players, leading to fewer customers, for example.

The city is also inconsistent with how it manages the courses. In one instance, a city-hired course manager has become increasingly hands-off. Contract provisions are not followed at other courses, where managers have not completed required marketing plans, performance reviews and building repairs. Management contracts were extended every five years "with little, if any, review of their terms," auditors said.

Auditors said the parks bureau should better negotiate and monitor course contracts, come up with alternative financial forecasts and allow City Council oversight.

Portland's parks director, Adena Long, rebuffed auditors' conclusions, saying in a response letter that the golf courses are "a good investment for Portlanders" and "self-supporting" despite auditors' findings.

"The golf program is unique in the city as it successfully promotes environmental stewardship and recreation opportunities, while being a self-supporting business model that responds to market forces," Long said. Nevertheless, she committed to carrying out auditors' recommendations.

-- Gordon R. Friedman

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