

IRONHORSE

Golf Club



GOLF COURSE COMMITTEE

January 4, 2001 Meeting – 5:30 p.m.

Committee members in attendance were Dick Fuller (chairman), Councilman Lou Rasmussen, Jim Dickson, Bob Reid, Charles Lewis III, Mike O'Connell, and Dave Fearis. Chris Claxton, Parks and Recreation Director, Julia Brickman, as well as Shane Gardner, Matt Roberts, and Pete Spratin of IRONHORSE

The meeting was called to order at 5:45 p.m.

A motion was made by Charles Lewis III to approve the minutes from the November 30th meeting. Jim Dickson seconded the motion. The minutes were approved unanimously.

Chris Claxton gave a memo to the committee members regarding the transition of management. Chris said we are still waiting for the December financials in order to move forward.

Shane said they took an inventory of everything. The city auditors made sure the cash movement from the customers to the bank is correct.

Jim asked if everything from before is now updated into the new computer systems. Shane said yes, they have been working on insurance, payroll etc. so the transition would be smooth going into January 1st. Jim asked how many employees are full-time. Shane replied twenty or less.

Shane also said that everything for the liquor license has been sent to Kansas. A lawyer helped him put everything together for the license and it will be under Shane's name.

I. Update on Financials

Chris handed out a financial report from January 2000 to November 2000. She said we are still waiting on the December reports from Evergreen.

Matt indicated that the revenue was up \$7,000 but the expenditures were up \$35,000 because of the water usage and credit card service fees. Jim asked what type of service fees. Matt said every time you swipe a credit card there is a service fee. Evergreen did

not pay the fees at the end of each statement, instead they put all of the charges into November's expenditures.

Jim said in November we started going into the deficit, we have a loss of \$81,476.16. Shane said in October there was a surplus, but in November the revenues went down and the expenditures stayed the same.

Jim said we are committed to paying \$60,000 twice year to the city. He asked if will we be able to make those payments? Chris said we have not paid the first payment, Kathy always transfers the payments at the end of the year.

The city shows paying the entire amount once a year. Chris said with the operating expenses you use a software program to manage it day to day. The city does not function that way.

Jim said he wants to be able to understand where we are at all times financially and if we are within the budget for achieving our goals of making \$100,000 for the city. Jim said just like in a business you have to adjust your spending to your revenue. He wants to know the revenue minus the expenses each month. Chris asked if he was \ asking for a monthly budget report. Mike said yes and any variance of 5%. Shane said we will be able to show you almost to the day on the third Thursday of the month. Mike said we would be happy with the month before, we do not need the report to the day. Chris said we just need something basic and easy to decipher. She said we do not feel that we will be able to pay the \$120,000 to the city and keep the reserve.

Chris indicated that it is a concern to take the contingency fund to a small amount. In the February meeting we should be able to take whatever money is left to buy all of the equipment and the committee would prioritize the improvements. Jim said he would like a business plan and in the future, not meet in January to decide whether or not we will be able to pay the city for the previous year. Jim suggested paying a monthly fee to pay the debt we owe to the city. Chris said we don't know how much we can pay the city at this time.

Charles said we haven't had a great year because of November and December. He said all of the courses do the same thing, they budget revenue in November and December, and nothing comes in. Jim said he would like to prepare a conservative budget. He has an expectation to offer the city a conservative estimate of what we will bring in. He thought throughout the year we did pretty well. We estimated 38,000 rounds and it was approximately 37,500 rounds. We should budget below that and also work on our goals to pay the city now and not at the end of the year.

Matt said we do not know what remaining expenses are going to hit because he EAGL controls them throughout the year. He only controls the invoices at the golf course. Chris said we tried to go back and green sheet the council on the differences on the budget that needed to be addressed. For instance we need a pump. Does it look good to

pay the city and then come back to them and ask them for money for the pump instead of paying for the pump.

Jim said to look at the green fees. It is above what we estimated for the year 2000. Chris said the 2001 budget has been adjusted. Jim asked how to make the figures. Matt said, you can multiply the number of rounds times \$2.00 fee increase. He said we would hold off on projects in the fall to be sure we are not in this position again.

Charles referred to the sheet and said if December does not add a nickel, we are still \$100,000 in debt. We need to pay the bond, the interest, lease payments, equipment and improvements. Councilman Lou Rasmussen said you cannot pay the city. He suggested waiting until February as it needs to be correct before going to the city. Chris said we have concerns of other expenses from Evergreen appearing.

Jim said this is an entrepreneurial business and it has to pay its own way. He suggested that we may be operating with a budget that is too high.

Mike asked why are we \$200,000 behind in green fees if we made our rounds? Matt replied a great portion of the rounds were in nonprime time. Our twilight numbers are up which means the rounds were not full price. Matt said to be honest, it was probably an optimistic budget.

The range has been busier than ever before. He also asked about the golf carts revenue drop. Matt said they are directly related to nonprime rounds. They also had maintenance problems with the golf carts which cost approximately \$9,000.

Jim asked if we are sure that we have received all of our money from Evergreen. Chris said they feel the checks and balances were fine with EAGL.

Mike asked about the expense of \$6,250 each month. Chris said it was the management fee. Mike suggested putting in money each month to pay the city.

Mike said the 2001 budget is based off of 2000 and is probably now off. Jim suggested doing a budget conservative enough that we can make it. Jim said he was unhappy about being sprung into owning versus leasing of equipment. Now we have financial obligations and it appears that we let the city down.

Mike asked if they should do an audit. Chris said they already did an audit. Councilman Lou Rasmussen said we need to make sure that we have \$200,000 at the beginning of the 2001 budget. If we do not have the \$200,000, then we have a problem and we will need to look at our fees quickly. Shane said you should get December's statement at the end of January or the beginning of February. They want to make sure they have counted every expenditure before they hand over everything to us.

Chris said the only leverage the city has is to hold the contingency fee. However, that will not pay for late fees on late bills. She has met with Patty to discuss any recourse they

may have. We are dependent on getting those statements because right now we are purely speculating.

Jim said right now is an important time to consider what to do in 2001. Sometime in March, Matt will bring the budget figures for 2002. We have to make sure we match our expenses to our revenue. If revenue goes down then we need to adjust our expenses.

Mike asked if we could do a revised budget. Chris said Councilman Lou Rasmussen is correct that we are dependent on the \$200,000. Councilman Lou Rasmussen said in the 2001 budget the crucial number is the balance going forward. If that goes to 0 then we need to not do things (spend more money).

Dick said we would wait to get our numbers. Councilman Lou Rasmussen said they should look at what they have now and look at their revenues and expenses and make sure both are realistic. The big hunk is the bond payment and capital equipment.

Councilman Lou Rasmussen suggested looking at the budget book and getting back with Orion with your comments ASAP. Councilman Lou Rasmussen said we need to get this to the Council the second week in February. Jim suggested getting together on January 18th and going through the 2001 budget on how to skin things down. After discussing dates, the committee decided to meet on January 15th at 5:00 p.m. at IRONHORSE. Jim asked for any specific suggestions from Councilman Lou Rasmussen. Councilman Lou Rasmussen said Shane has his suggestions in writing.

II. Operations

Shane handed out a marketing plan. Matt said last year we tried to come together with plans to make the course feel more like a club. They have spent time doing pros and cons from last year and define what the consumer wants. They have come up with four core memberships to market this year. These will target specific areas that need to be approved. Matt explained each package.

The first package is the Triple Crown Club which is a season pass. Matt said they did a survey with their competitors for comparison. Shane described how they came up with the fee of \$2,500. Dick said there is a high interest in this type of club fee. Mike agreed with Dick. He also asked if there is a cap to the memberships. Shane replied yes, the cap is 100 members. They will also call the members 30 days in advance to warn them of upcoming tournaments. Shane said this is an important time to get these customers to be our members and not go to other competitors like Lions Gate across the street.

The Conductors Fee has been lowered. They lowered the prices because they felt that they already had loyal customers and if they lowered the price a little they may get more solid members at IRONHORSE. Mike said, "What if you have 100 members and 50 people on the waiting list, will you reevaluate?" Shane said, "Yes."

There will be a certain time that the memberships will be for residents only then open it up to non-residents. Shane said they would be able to charge half up front then charge the remaining balance to their credit card. They will start the membership drive March 1st. Dick asked about the previous discount on merchandise. Matt said this membership is strictly for golf. We have decided to come up with a passport book program for the Conductor's Club and the Men's Club Members with various coupons to be redeemed in the clubhouse for specific items. The coupons can be used for food specials, discounts on drinks, merchandise, etc. There will also be expiration dates on the coupons.

Matt said they would remain consistent with the bag tags and a money clip every year as a gift.

The Conductor's Club the price has been lowered a little, but the benefits are the same with the goal to get 150 members.

The Engineers Club remains the same. It is the practice facility membership.

For the IRONHORSE Golf Association, we are getting a computer installed for the customers to be able to keep track of their handicap. We did not raise the price because the customers will be entering their own scores into the computer.

Jim asked about the coming year. Matt said as far as demographics it gets better everyday and the golf course is in good condition. Matt said we are looking to improve areas that are weak. Mike said you might take some members away from Lions Gate with these packages. Deer Creek has a down payment plus monthly fee. Matt said we do not want to get into charging people every month. It's nice for them to know they are paid in full. Jim asked if they have a mailing list. Shane said they have some ideas for marketing like newsletters, newspapers ad, an Ingram's ad, and maybe a billboard. Shane said we would try to get the calls in and then sell the memberships.

Dick said we are happy to have Orion and are looking forward to a good year with them. It's great having them here in town. Dick said we need to be mindful that Chris represents the City as is the direct contact with Orion.

Chris said Mr. Riffe wanted to know what was going on with his retaining wall request. Chris said she informed Diane Binckley of the golf committee recommendation.

Chris said she has been negotiating with waste water about the fence. They are willing to go back to their original offer that they build their own fence for \$8,500. Our estimate was \$12,000 if we built the fence. We would give them a check for \$8,500. Councilman Lou Rasmussen said that ought to show up in the cities capital budget in 2001. Councilman Lou Rasmussen said the golfer should not have to pay for the fence. He feels that it was a screw up that we had no obligations for. He said we should try and talk to Kathy and Patty and fight for the general fund to pay for that, we tried everything to avoid the situation. Dick said he agreed this wasn't something we should have been involved in. Chris told Jim that she wants to get this resolved in a week.

Dick asked how many feet they are going to put in. They will put in 300 feet and it will connect on the West side. They built the fence quickly on the 5th green. Dick wanted to make sure that did not extend all the way to the East to stop us from access the creek for the new pump.

Pete said his concern was the route of the fence and the road they will have to clear with bulldozers.

III. Wall on Number 14 Specs

Chris said there was a modification from the original plans. They built the wall according to the modifications, not according to what they originally planned. Chris said she and Pete approved the modifications. She said there must have been a reason from planning. Dick said the engineers were adamant that the wall would be very attractive. Chris said she does not have details on the wall. Dick asked if we could paint it? Pete said we could paint it tan.

Diane Binckley met with the representatives of Summertree Villas, they want to drain their projects onto the golf course. Their engineers will contact Orion. Diane told them to contact the golf committee.

Jim asked how we are doing with the county and meeting with Phil Gibbs. Chris said he had not yet sent the plans and the letter and she had asked him to send it as soon as possible.

The next meeting will be January 15th at 5:00 p.m. for those able to attend. The next golf course committee meeting will be held on February 15th.

Charles moved for the meeting to adjourn. Jim seconded the motion. The meeting adjourned at 7:05 p.m.

Respectfully submitted,

Chris Claxton
Director, Parks and Recreation