

GOLF COURSE COMMITTEE
October 25, 2001 Meeting - 5:30 p.m.

Committee members in attendance were Dick Fuller (chairman), Councilman Lou Rasmussen, Jim Dickson, Charles Lewis III, Mike O'Connell, Councilman Mike Gill, Bobby Davidson, and Dave Fearis. Scott Lambers, City Manager, Chris Claxton, Parks and Recreation Director, Bernie Webster, as well as Shane Gardner, Matt Roberts, and Pete Spratlin of IRONHORSE also attended.

The meeting was called to order at 6:45 p.m.

A motion was made by Lou Rasmussen to approve the minutes from the September 25th meeting. Charles Lewis III seconded the motion. The minutes were approved unanimously.

I. Financial Status and Cap X

On October 10th, committee members Dick Fuller and Mike Gill met with Scott Lambers, City Manager and Peggy Dunn, Mayor to discuss the financial status of the golf course at this point.

Scott Lambers attended this meeting to discuss the parameters for the council approval process. The plan is to advance funds for the operating costs of the first quarter of 2002 and to cover the projected short fall for the year 2001. Capital improvements for 2002 could possibly be financed by a short-term loan from the Council. Scott said the 2001 operating budget must end at zero or better to be in compliance with the cash laws of the State of Kansas, regulating enterprise funds.

The amount of short-fall for 2001, was discussed. A projected deficit of \$199,930.00 is not allowable by the Cash Basis Law in the State of Kansas. Part of the Leawood City Administrators plan is to transfer \$225,000.00 from the City of Leawood contingency funds. Scott Lambers said he believes in full disclosure on this matter. The three agenda items will be presented at the November 19th City Council meeting. Scott will present items one and two. The committee will be responsible for requesting the capital needs. The goal is to provide information to, and answer questions from, the Leawood City Council on the funding.

The council meeting may result in a work study session at the December meeting, lasting about an hour and a half. Beginning at 5:30 PM, the management company and selected committee members would explain why they are requesting the capital outlays.

Some points about golf course operations were discussed including:

- 70% of voters in Leawood approved the course
- IRONHORSE is a \$6-10 million dollar asset
- \$600,000 of revenue each year services debt
- 6th year of operation

- 38,000 +/- rounds each year
- \$1.4 million currently in loan from City

The Leawood City Council would make a final decision on the capital request, based on the discussion. Scott would make a request for the cash infusion for first quarter operations of 2002. A second request will be made to cover the 2001 estimated deficit which is about \$99,000. Scott would like to request \$120,000.00 to cover the short-fall to preclude having to go back.

The Leawood City Council will be asked to grant a short-term loan for capital improvements. Initially there was budgeted \$275,000.00 for improvements. This would be left on the table for the Golf Course Committee and Management Company to request. Currently, there are no capital items in the 2002 budget. Scott said to add the pump back in the 2002 budget.

Deducting the \$35,000.00 pump from the 2001/2002 combined capital expenses of the revised budget leaves \$240,000 needed improvements to be placed on a priority list. A presentation of the benefits of lease purchase (5% interest) would be presented. The items discussed were:

- Stabilization of bridges for #8, #9, #10 and cart path adjacent to #9 green
- Installation of steps at the teeing complex for holes #3 and 11, and fairway access on #13
- Bunker renovation to resolve primary source of customer dissatisfaction
- Equipment necessary to maintain fairway and greens
- An example of a lease purchase agreement would present the idea of \$28,000.00 payments in 2002, 2003, and 2004 with an initial down payment of \$85,000 for the equipment lease-purchase loan (5% interest).

A. Discussion

Lou Rasmussen said the last numbers he remembered was a projected \$90,000 operating deficit. Lou recalled the difficult weather the course endured in January, February and March and the number of cancelled tournaments around September 11th because people couldn't get to Kansas City. Lou wanted to know what capital items pushed the need up to \$275,000.00.

Scott Lambers explained operation and maintenance deficit estimates were between \$150-225,000.00 and he wants to make sure the dollar transfer does not come short. Scott Lambers said there are no capital expenses in 2001.

Lou Rasmussen asked Scott Lambers about the City of Leawood Enterprise Fund with reference to the \$20,000.00 fencing requirement in the 2001 budget. Scott said that is a policy issue and the City of Leawood Council has to approve a budget with revenue and expenditures in place.

Shane Gardner responded to Lou Rasmussen's question by explaining the \$90,000.00 estimate was based on 9 months actual operation ending in September. Scott Lambers said November

and December revenues could be low and more money (possibly \$15,000.00) may be needed by the year-end.

“So there is a potential quarter of a million dollar deficit for IRONHORSE this year?” asked Lou Rasmussen. “That is correct,” said Scott Lambers. Lou Rasmussen asked the committee how could we cover the deficit and purchase the capital items we really need for Pete Spratlin to keep everything running on such a tight budget? Pete Spratlin assured the Golf Course Committee he would keep everything running.

Bobby Davidson asked if it would be possible to roll the deficit this year into next and Scott Lambers responded no. Bobby asked Scott what kind of an action plan could be initiated to prevent this from happening again at the end of 2002. Non-Prime time rounds seem to be one of the problems. We anticipate being back on track in budget year 2003.

Scott Lambers stated the \$35,000.00 is in the 2002 budget for the pump. The Golf Course Committee will recommend to the Leawood City Council (with a priority list) that \$240,000.00 is needed to fund items. Scott said the Leawood City Council expects to see capital outlay in the budget.

Lou Rasmussen said we talked about a revised operating and revised capital budget at the last session. Scott, as the City Administrator, has the right to transfer reserve in the Leawood City general fund to cover an operational cash deficit.

Lou Rasmussen said he would fight as hard as he can to eliminate items that are not part of the golf course responsibility like the fence. This statement began a discussion of what other items in the budget might be reviewed. Is the \$100,000.00 of bridge erosion a capital improvement or a City of Leawood responsibility?

Chris Claxton said there is confusion about the list of improvements because several lists have circulated since March. Chris Claxton passed out the most current 2001/2002 capital expense sheet.

Mike O’Connell asked when options for the City of Leawood Council would be needed for the November 19th meeting. In order to coordinate presentation and comments Scott Lambers said he would need to have things lined up by November 5th. This would allow time for one-on-one dialogues about the issues before the November 19th meeting.

Jim Dickson said he was grateful the pump is taken care of but asked if the items on the top of the priority list (mowers) can’t be postponed. Dick Fuller said no matter what is on the list; the City of Leawood Council will want to take a close look at it. Scott Lambers said the Golf Course Committee request would have a better chance for approval if the dollar amount were under \$200,000.00 and the bunker renovation may have to be sacrificed.

Dave Fearis suggested the \$95,000.00 worth of equipment be leased if Scott Lambers could get the City of Leawood Council to agree to the modification in the lease policy. It would become an operating expense and not a capital expense.

Bobby Davidson and Mike O'Connell said Kathy Rogers of Finance told them we couldn't do that. Dick said Scott, as the administrator can make those policy decisions, working through council. A lease purchase would lower the amount needed said Scott Lambers. Lou Rasmussen said the council would ask Scott's opinion so we need a consensus the staff can concur with. Kathy Rogers has the respect of the Leawood City Council and will be consulted so if asked she will she be open to the idea asked Jim Dickson and Mike Gill.

Mike Gill said, "we need to have a clear message and recommendations when we go before the Leawood City Council, rather than several options." We need to be on the same page when a \$50,000.00 difference could ruin the deal.

Lou Rasmussen said, "I will stand behind the committee recommendations answering questions and asking for adoption." Mike O'Connell asked Scott Lambers how the council part worked procedurally. Scott replied all three are separate motions but the intra fund transfer for the short fall is done by the administration internally.

Mike Gill said he feels it is the Golf Course Committees responsibility to reduce the amount of the capital piece (\$240,000.00) if lease purchase of the equipment is chosen. \$180,000.00 sounds a lot better and we should keep it simple. Dick Fuller felt we should let the administration and finance divisions decide what works best for the city. Lou said if Chris Claxton's handout were used as an Exhibit we should change reference to cost of extensive replacement of bridges etc. to read the City could incur large losses to the physical asset as well as revenue.

As items were reviewed to pare down the capital amount, a dump truck was taken out. Another suggestion was an older vehicle could be purchased from Parks & Recreation. Brian Anderson told Chris Claxton that it was not possible to share the truck with IRONHORSE this year and Public Works wasn't able to lend theirs either. Pete Spratlin said he has a standing request for use of the backhoe and other equipment.

Local banks could be approached for financing vs. a lease from the merchandise vendor. Typically is not possible to lease anything under \$50,000.00 but an amount higher than that might make lease purchase possible. Pete Spratlin said most vendors wouldn't offer a lease option to a city because it does not work for them. Mike suggested the dump truck be taken out and that everything be purchased from the same vendor. Pete Spratlin said "you mean bundle all together?" and Mike Gill said "yes, absolutely."

Scott Lambers said the Kansas Cash Basis Law doesn't allow lease purchase; you can't appropriate funds in another year. Bobby Davidson asked what Kathy Rogers policy parameters were regarding general obligations and lease payments for the City of Leawood. Scott Lambers said the policy is not set in concrete but meant as a guideline and that the council can decide when circumstances occur that merits an exception. As an example take \$75,000.00 and add interest making the loan amount \$84,000.00. Divided over three years the annual payment would be \$28,000.00 in 2002, 2003, and 2004.

The statement “bunkers are essential but good golfers don’t go into sand traps” launched another topic. Bunker renovation was debated. Dick Fuller said the playability of the sand traps is the number one complaint that marshals hear from players. Dick added that when you pay \$65.00 at a quality course you expect sand, not mud, under the ball. “Players expect the course to be playable,” said Mike O’Connell agreeing with the importance of keeping bunker renovation in the budget. Mike Gill said, “if we don’t ask for the bunker renovation now it won’t happen.” From a marketing standpoint, said Lou Rasmussen; customers must be satisfied with the playing surface.

Charles Lewis, III commented that since the City of Leawood is cutting corners everywhere, would Scott Lambers accept the idea of private funds to redo bunkers? Scott Lambers said yes. Matt Roberts said it would be possible to place a plaque on the hole for a corporate donor. Matt went on to say 4 transferable Triple Crown memberships for \$25,000.00 a year might be more interesting to a corporation than individual play fees. It was suggested the amount that is paid by IRONHORSE each year to service debt be included in the presentation that Chris Claxton will prepare for the council.

Mike Gill moved that bunker renovation remain in the budget. Jim Dickson seconded. The motion carried.

Bobby Davidson moved that the stabilization of bridges remain in the budget. Dave Fearis seconded. The motion carried.

II. Handicap Access Policy

Shane Gardner and Matt Roberts handed out the Handicap Access Policy they had been instructed to prepare at the last meeting. The handicap act that requires reasonable accommodations and insurance liability issues were discussed (ADA).

- Would a doctor’s note be acceptable proof?
- Would a handicap license plate be acceptable proof?
- Would advance approval be required?

Pete Spratlin said the board would have to decide these issues so that IRONHORSE could enforce. Dick Fuller said Patty Bennett would review.

Lou Rasmussen made a motion to pass the Handicap Access Policy subject to Patty Bennett’s review. Bobby Davidson seconded. The motion carried.

II. Erosion Hole number 16

The left side of fairway number 16, near the comfort station may be impacted if the developer puts the sewer line from Whitehorse through it as proposed. Before meeting with city engineers Dick Fuller and Pete Spratlin agreed the plans should go to the golf course grounds subcommittee for review.

Mike Gill moved that nothing be done on the issue until there is a subcommittee report. Lou Rasmussen seconded. The motion passed.

III. General Operations Report

Matt Roberts reported the month to date numbers are good for October. Depending on the weather, \$200,000 has been projected for October, which is better than earlier years. September and October are popular months for events and that will be considered in the tournament marketing strategy.

Day light saving and the cold winter months ahead will take their toll with only “real” golfers playing the course. Staff in golf shop and food bar, plus cart attendants will be cut from the expense side during these slower months. The Chief’s Shot Gun Tournament event was very successful and other specials will occur while the weather holds. Dick Fuller asked about winter rates from November 1 - February 28. Matt Roberts said IRONHORSE would explore this option.

IV. Course Update

Pete Spratlin reported the greens are in good shape and play is faster. The roughs are growing and other areas are being seeded.

The tree on number four will be taken out Monday, October 25, and a stump on number three will be removed.

There is always blue grass to attend to and bunkers to repair after storms.

Jim Dickson moved the meeting adjourn. Mike Gill seconded. The motion carried. The meeting adjourned at 7:45 PM.

Respectfully Submitted,

Chris Claxton, Director of Parks and Recreation