

IRONHORSE

Golf Club



GOLF COURSE COMMITTEE

April 25, 2002 – 5:30 p.m.

Committee members in attendance were Dick Fuller (chairman), John Campbell, Bobby Davidson, Jim Dickson, Dave Fearis, Mike Gill, Charles Lewis, and Bob Reid. Chris Claxton, Parks and Recreation Director, Julia Brickman, as well as Shane Gardner, Pete Spratlin, and Matt Roberts of IRONHORSE were also in attendance.

The meeting was called to order at 5:50 p.m.

A motion was made by Lou Rasmussen to approve the minutes from the March 28, 2002 meeting. Charles Lewis seconded the motion. The minutes were approved unanimously.

Dick moved concerns regarding the first tee and thirteenth fairway to the front of the agenda.

1st Tee and 13th Fairway

Dick reported he is concerned because he saw an article in the newspaper that 1.8 million dollars has been allocated in the CIP to help houses that are in the flood plain along the golf course. He stated a few homes have the threat of being effected by floods. Studies have been done on how the floods would affect the golf course. The City Council approved 1.8 million dollars in the 2006 CIP for work on the thirteenth fairway. Dick stated he is not averse to helping residents, but his concern is this might snowball into something bigger than what was originally planned. There is also the possibility that in the future the City Council might think differently than us. These flood improvements could cause the golf course to close for a year and could take the thirteenth hole out of play. If that happened, how would golfers get from the twelfth hole to the fourteenth? This could have a tremendous effect on the golf course, which is a city asset. Mike Gill said he thought the money in the CIP was for the study only.

Chris said the Planning Commission may have approved it but it has not gone to the City Council. It will be on an agenda in the near future. She also believes the City Council only approved the money for the study to date and that the CIP is still a working document up for Council approval.

Bobby said when the committee reviewed the project; we said we would support it as long as it did not impact the golf course.

Dick said one way identified to change the possibility of flooding is to make number thirteen narrower, and it is already very narrow. The construction will probably cause the number thirteen hole to close for an entire summer. Bobby said they could do other things besides taking that hole out of play.

Dick reported floods could impact thirteen homes but only six are in the actual flood plain. FEMA is still completing the study.

Lou thinks we have information that is unreliable. He is concerned the County and the City, allowed people to build in areas based on inaccurate FEMA maps and the builders did not build the homes according to the right map. At the City Council meeting, he was assured the money they were discussing was not part of the CIP program. He is willing to look at the minutes. Mike stated he was assured the money would be around \$50,000. Bobby agreed, he remembers the study might cost \$20,000 to \$40,000.

Dick is concerned they are putting 1.8 million dollars in a CIP fund that has not been approved and may not happen. He wants someone to watch the money. Lou said he didn't see it in the capital improvements plans. John asked if it qualified for SMAC funding? Chris said according to Joe Johnson, it meets the criteria for SMAC funding. Pete said the City's share of the project was the \$1.8 million. John said the homes cost between \$300,000 to \$700,000; the total project exceeds the amount of money in homes they are saving.

Mike Gill discussed the budget. He stated we are beginning a new year, the course is in good shape, and we have fairways unlike last year. The next two years we are on a tight budget and we do not want to have the same discussion next year as we did last year. We need to closely watch these numbers. If we see a negative trend then we need to be immediately on top of it and call an early meeting. We also need to start associating revenue with the rounds that are played. If we have voids in our schedule we need to fill them. January and February numbers are great but insignificant. March is off somewhat and each month becomes more significant as we go. He told Orion if they see positive or negative numbers or have new ideas don't wait until the next meeting, talk to Scott Lambers, City Administrator, Chris, or Kathy Rogers, Director of Finance. We need to have the course pay for itself this year.

Lou said along that line, in looking at the program summary, the rounds state that paid rounds have gone down over 6,000 rounds. Are comp rounds included in these numbers? Shane reported Evergreen used to include those comp rounds in the total round numbers. So for the years 2000 and 2001 the round numbers include comp rounds and 2002 does not. Lou asked Chris to place an asterisk in the budget information to address the comp rounds placement in those years.

Jim asked how we are doing with the rounds to the budget? Matt reported Month To Date we are 300 rounds under budget, which is three days of golf. Mike asked how the numbers compare to last year. Matt said we should be ahead of last year. Over the weekend, we had three and a half days of rain. Charles stated weekend rain and weekday rainouts are totally different. Matt agreed, he said when the weather is good you can't get on the golf course. For instance, today we had over 220 rounds. The average cost per round is \$53 with a typical day of revenue at \$10,000. Dick said if the weather is not great, then people don't want to spend \$60 a day to play golf. Jim said rain days should be budgeted for. If we are not budgeting for rainy days, then we have a bad budget.

Matt reported this year we estimated how many rounds are attainable per year and we distributed those rounds throughout the months. This year we dropped the number of rounds for these issues, like rain days. If we stay around 200 to 500 rounds below budget then we are doing great, we can try and make them up somewhere else.

Matt reported YTD we are 537 rounds under budget. Shane said we are looking at this year more of a trend than last year. We already have 100% of our tournament rounds booked and we've sold more Triple Crown Memberships than last year. If we are worried that we are not able to catch up then we will call a meeting. Right now we feel we are in a good position and are not panicking.

Matt said we are close to our budgeted numbers and want to see how we do in May. On nice days we have people on every hole from 6:00 a.m. to 6:00 p.m. Dick stated this is the hardest quarter to estimate, last year in the month of March many days were down because of weather.

Shane reported we have booked over 4,800 tournaments and are almost 1,000 rounds ahead of last year. Chris said this is about where we were in the year 2000. Bobby asked if we are setting ourselves up to fail? Matt said we met with the subcommittee about the budget and decided 32,500 paid rounds are more realistic than 38,000 paid rounds. We hope we do more than 32,500.

Bobby said every March and April it seems we have the same conversation. We can't drop the rounds much more or we will run into a deficit. He suggested doing the budget on historical data.

John stated we cannot predict what the weather is going to be like. Dick said it is a budget; golf courses are like amusement parks they usually don't hit their budget the first part of the year. If we are far behind in July we couldn't make them up, but now we can.

Charles stated we keep talking about rounds, if we want more rounds then lower the price. Jim said he wants a budget based on what we can make. Charles reported one thing you can't mess with is Mother Nature. If we have a good weekend then April's rounds are high, if it rains this weekend then we will be far behind.

Bobby said he doesn't want to put Orion in a bad situation. We are on their side but the budget tells everyone else we are failing at the first quarter. We need to budget for rainy days.

Mike said we are within 90% of rounds, a 10% negative variance doesn't bother him at this time; if it were July it would be different. We budget green fees for \$35 per round, currently averaging \$33 or \$34 per round. Matt sees that amount going up because of the tournament green fees, which the revenue has not yet been paid.

Mike said right now we do not need to be concerned. If that conclusion changes we need to know because help may not be there at the end of the year.

Shane reported the month of March we were \$84,000 under budget for revenues, but in January and February combined we are up approximately \$30,000 with cost of goods sold. YTD we are about \$50,000 under budget. Last year, going into April we were 3,000 rounds behind.

Mike said one thing that stands out on rounds is we have YTD 2,600 rounds and 523 comp rounds already, that is grossly too high. Bobby said that some comp rounds come from advertising trades, which has helped our tournament sales. The billboard on I-35 costs \$5,000 a month and we are committed for four months. Mike stated he wants to discuss it next month. Maybe this is something we need to cut back on. Shane reported the comp rounds have gone towards advertising trades and employee rounds.

John asked if there are restrictions on comp rounds? Shane replied the advertising trades are a "dollar value for dollar value trade". The billboard is an example. John mentioned he is more concerned about what we can control and generating more revenues either by trade-outs or through controlling expenses.

Matt said IRONHORSE has done well with booking events good enough not to hurt patrons playing golf. We typically try to schedule only two tournaments per week, occasionally booking three to four per week. We are more efficient now and we redid the pricing structure. Our goal is to have 5,500 tournament rounds and we are going after shotguns. The next thirty days we will shore up our books, May is an imperative month. Right now we have all of our shotgun days booked in June. Plus, we are already 900 tournament rounds ahead this year versus last year's total rounds.

If tournaments are canceled we retain a deposit of \$1,000. If they cannot play because of rain, we bill the customer for the whole amount and give rain checks for the individual people to use at a later date.

Lou asked if the pump will be in by May 1st and what is the status for the 4th redundancy for water supply by the Water District? Pete said that it is dead and Chris said she thinks it may be a dead issue.

Pete reported he has the pump and the tie-ins and could hook-up the pump now if he needed. However, we are still waiting for the power to be set-up. The engineers are trying to figure out how to meter the water with an hour meter versus a flow meter. This is a requirement by the state.

Course Update and Project Update

Paul Vermelian from the USGA will visit IRONHORSE on May 21st at 1:00 p.m.

Pete reported the golf course is in fantastic condition and the fertilization is perfect.

Pete reported on the creek construction and brought pictures. The tree was removed off of number ten and you can barely tell it is gone. This creek is expensive because it is bottomless and has quicksand that has caused some real problems for the contractor. The construction company lost a 270 Track Hoe in the quicksand; it took two Track Hoe's to get the vehicle out of the creek. There are little springs bubbling up. They installed nine truckloads of riprap, which a lot of it is now gone. The same thing happened on number eight, so they are working around the creek bottom.

Dick said he played golf on Saturday and the zoysia is really green. All of the grass is very healthy. Pete stated he is having problems with the irrigation program. He received new computer software and now hopes everything will work on the controls.

Dick announced Shane Gardner's new baby, John Joseph. He was born last Sunday. The Golf Course Committee presented Shane with a gift for the baby.

The steps and bunkers have been completed and look great. Bobby reported a homeowner on hole thirteen said there are tree limbs on the City's property that need to be removed. He is willing to do the work, but first wanted permission.

Pete gave an update on the ice storm damage FEMA money for the golf course. He reported he has been working with Brian Anderson, Park Supervisor. FEMA looked at the golf course and they told Pete that IRONHORSE does not qualify for any FEMA money. According to Pete, FEMA said they will reimburse work that was done within thirty-six hours after the storm. Pete said they couldn't even access the course during that time frame because of the ice. Right now there are some hanging limbs on the course that are covered by FEMA. The company doing the City's "hanger" clean up may be able to come out to the golf course. However, they are hesitant about going on the golf course because they cannot drive their boom trucks on all areas of the course.

Lou told Pete he should appeal the FEMA decision with Scott Lambers, if that does not work contact our Senator. It is a clear case. To alleviate damage it was impossible to work during the first thirty-six hours. Lou volunteered to help Pete if he needs assistance. Chris told Pete that we could schedule a meeting with FEMA and include with Joe Johnson, Director of Public Works, and Patty Bennett to get a more clear understanding of what FEMA can and can't do relating to the golf course.

2003 Budget

Chris reported everyone received a copy of the proposed 2003 budget before the meeting. She put in their packets everything that is following the business plan for capital improvements and equipment, as requested by Orion. This totals about \$227,000. We looked at the trend for this year up until March to try to determine what might be available cash wise to spend on equipment/improvements. I looks like there may be about \$38,000 dollars available at year-end. Mike said that is accurate, the staff is aware that we are going into some tight years for budgets. It will be hard to come back to the City Council if we are in a deficit, were does the money come from to do these capital improvements?

Right now there is not enough money in the budget to replace the equipment. We need to go to the City for infusion of cash for capital improvements. They did that this year for a lease.

Chris said that if \$38,000 in residual is carried over, the lease amount would have to come out of that money. This is what was discussed with Scott Lambers. Mike said this is the City's budget, but he suggested that the City's budget not hold back on deferred maintenance. If they need to replace items then they should ask for the money to do it.

Mike asked how much we are asking from the City that is not generated off the course. Chris stated \$190,000 if we are in agreement with the management company for the items listed in the decision packages.

Chris did the budget like all of the other budgets, she asked the management company to do a decision packet for everything they need and to rank them in importance. Originally, the course improvements and course equipment were separated, at her request. Scott Lambers asked that Orion to merge them together and then rank them.

Bobby said he thought with capital improvements it was determined leases are more cost effective. Mike stated the City Council gave Scott Lambers flexibility to choose which is the most cost effective and then recommend the best way to acquire the equipment.

Lou said out of all of these items only one is a new item. The rest are replacements, they are not improvements. Dick said the equipment is worn out and it is imperative for it to be replaced. The perimeter irrigation is considered as an improvement.

Lou Rasmussen made a motion to approve every decision packet. Mike Gill seconded the motion.

Dick asked if we are requesting for the City to fund these items? Lou stated the 2003 golf course budget has not yet been approved by the City Council.

John asked if we vote does this mean we recommend it to the Budget Committee and the City Council. In the past hasn't everything been funneled through the golf course?

Other Business

Matt introduced a national program called the First Tee. He reported Dave Fearis sits on the board of the Junior Golf Foundation of Kansas City and Jill Lamson is the Executive Director. The First Tee is an organization that helps fund junior programs and items associated with junior programs. Matt met with Jill to discuss the program. The First Tee program is currently located at Blue River and Sunflower and would like to have a sight at IRONHORSE. First Tee wants to circle the entire city and have a sight at IRONHORSE. Matt thinks it would enhance the IRONHORSE junior programs and curriculum. The First Tee program teaches life skills and golf. Plus, they donate money for facility improvements, equipment, instructor fees, etc.

Matt stated it would be a contractual agreement with the City and Jill would be happy to discuss the program in greater detail if the Golf Committee is interested.

Dave Fearis stated Joe Lewis's son runs First Tee, he works hand in hand with PGA golf. It is a misconception that the First Tee is only for inner-city kids. Al Hoffman is also involved in the program.

First Tee is different than HAKOG (Hook A Kid on Golf). They are totally non-profit and have greater funding. The kids go through different levels, whereas HAKOG is a one-time event. First Tee is a longer program that teaches golf skills and etiquette plus they take tests to evaluate what they have learned.

We satisfy the Par 3 obligations with First Tee. Charles said the Junior Golf Foundation of Kansas City and the First Tee are basically one in the same. They have incorporated themselves together.

Chris reported she passed the contracts on to Patty Bennett, City Attorney, for her review and comments.

Mike Gill made a recommendation subject to Patty Bennett's legal review; the Golf Course Committee is in favor of the First Tee Program. Bobby Davidson seconded the motion. The motion passed unanimously.

Mike Gill said he wants it on the next City Council agenda.

Matt stated signing this agreement doesn't obligate us to go by their rules. This program is for children ages ten to seventeen.

Mike Gill stated at the next meeting he wants a report on profitability on the merchandise sales at the clubhouse. He said in a discussion with Scott Lambers he was told over the last period of time he saw a revenue loss of one million dollars in the pro-shop. Mike Gill thinks this amount might include administrative overhead such as facility costs, management fees, etc.

Lou said we have been paying an auditor and he has asked for an audit report for on this several times already. When will he get last year's report? Lou said before he hears anyone making a claim about losing one million dollars he wants to see an audit report. He has never seen an indication on any of the audits for a loss of that amount in the past. Chris said that she doesn't oversee the audit report and has not yet seen a copy. That is at the discretion of the City Administrator whom she believes is still reviewing it.

Charles made motion to adjourn the meeting. Bobby seconded the motion. The meeting adjourned at 7:40 p.m. The next meeting will be on May 30th.

Respectfully Submitted,

Chris Claxton, Director
Parks & Recreation