

IRONHORSE

Golf Club



GOLF COURSE COMMITTEE

September 26, 2002 – 5:30 p.m.

Committee members in attendance were Dick Fuller (chairman), Lou Rasmussen, Jim Dickson, Bob Reid, Charles Lewis, III, Dave Fearis, and John Campbell. Chris Claxton, Parks and Recreation Director, Laurie McCauley, as well as Shane Gardner, and Pete Spratlin, of IRONHORSE were also in attendance.

The meeting was called to order at 6:00 p.m.

A motion was made by Jim Dickson to approve the minutes from the August 22, 2002 meeting. Dave Fearis seconded the motion. The minutes were approved unanimously.

Development Sub Committee members Jim Dickson and Dick Fuller met at about 5:00 p.m. with Mark G. Charlton, AIA from Hoefer Wysocki Architects. The planning commission approved the preliminary plan for Iron Horse Center at, 151st and Nall, with the previous stipulations attached. They asked for our approval to give to the planning commission for the first building, which is the Security Bank building. This building does not impact the golf course at this time. It is the consensus of the subcommittee to approve the plan and bring it to the full committee for approval to take to the planning commission.

Chris reported that she advised Mark Charlton that the wrought iron fence needs to be added to the top of retaining walls, and a maintenance sinking fund created for retaining walls and fence columns be added. Mark Charlton said that they had a meeting earlier that day and those stipulations were being addressed.

Jim Dickson made a motion to approve the initial bank building for Iron Horse Center. Bob Reid seconded the motion. Motion carried.

Operations Report

Shane reported for the month of August we are about \$10,000 behind in revenue, which puts us about \$31, 000 behind budget year to date. For the first 24 days of September, we are about \$10,000 over budget with an event today, tomorrow and a busy day on Saturday. We anticipate finishing up the month of September at \$10,000 to \$20,000 over

budget as far as revenue. Expenses should be at or below projections. We had only one event that was cancelled, a charity event that did not get the sign up they anticipated.

Two weeks ago, there was a burglary in the golf shop. They took 3 sets of rental clubs and about \$6,000.00 of woods, irons, putters, etc. The police responded quickly and took a full report.

We are keeping tabs on other golf courses and the specials they are running. Bob Sadler and Mark Andrasik are helping with our web site to send blast emails and to run specials on our website. We have a special going out on the website on October 1st, a free golf car after 2 p.m., in hopes to compete with other course specials.

Scott Gullidge reviewed the financial statements and wants to point out that the merchandise was under budget by 15,000 but cost of goods was under budget as well. The revenue for merchandise was \$23,700 but the cost of goods was \$18,500 so there was a profit margin on that line item. It was a substantial variance that should be pointed out. It was a good thing and under budget on the whole.

Shane responded to Scott's question regarding the budget differences in the 401K plan. Because they had to wait for a year to sign up the people, they had to plug the numbers for the budget. Let the record show that it was a budget issue, the employees had the opportunity to sign and it was an anticipated guess on what the expense would be and the reason for a large variance.

Chris states the projections for the year:

Net income is still projected to be a negative \$12,426, which includes the \$100,000 for the start up, compared to 2001 deficit of \$196,000. Retained earnings would still decline with a result of \$424,920 compared \$412,494. After all debt, principal, and capital costs, we should still have \$18,284 available, which is on the cash flow projection sheet.

Shane explained the comparisons between daily sales, cost of goods sold and operating expenses for the year. The largest deficit is in the pro shop as a result of inherited invoices, which distorted the way cost of goods sold looked. Numbers for cost of goods for merchandise and food and beverage are where they should be. In operating expenses, the biggest hit taken is the course maintenance. The comparison between last year and this year is about \$145,000 in difference.

Scott pointed out that the improvement is quite a substantial one and trending Sept., Oct., Nov., and Dec., using the budget, if the weather is nice we could exceed performance if weather continues as it is now.

Jim Dickson said that the city has a policy to submit the budget in the year for the coming year. For the new year they submitted a preliminary budget that has no fee increases. We need to prepare for where we will be this time next year. Revenue wise should leave them the same. We should consider an increase in fees for prime time only for

(residents) of approximately \$4.00 and keep nonresidents the same. Scott asked what additional revenue that analysis would generate, approximately \$18,000. Scott suggests we take the nonresidents and increase their fees versus raising the Leawood residents. Shane suggested closing the difference from when a resident or nonresident makes a tee time. Still give the resident a break in price, but allow the nonresident to make a tee times 5 days in advance. Shane suggested that we bring a list of options to the table in October. Scott asked if we would price ourselves out of the market.

Lou wants to know how the financials compare to what they told the people and how things compare from 95, 96, 97, etc. Shane said that they are ahead of the performance schedule.

Dick said the equipment is starting to show deferral. We don't have room for purchasing and doing capital improvements. Dick suggested the city set aside \$200,000 a year for capital improvements and equipment.

John Campbell said that the City has to protect the course.

Discussion of RFP for Hole #13

Chris explains the interview process that took place yesterday. Continental had the highest rating.

Dick said that it is the goal to get them to approve a properly engineered plan and if it was approved, the City of Leawood would fund 25% of an agreed upon corrective action for that creek. Continentals' strategy would be to build up the west side of the creek and put a wall up there. Pete said that this is all very preliminary.

Lou said that one alternative is to buy out the houses (6), next you could build berms or retaining walls, and the 3rd alternative is to redo the flood plan. They will come up with a recommendation and estimate an expense. Part of the cost affects our golf course revenue streams. Once it is all evaluated and the price is arrived at, it goes to Olathe for approval. Under SMAC it is not automatic that it is 25%, it is 25% of certain costs. So the question is whether or not the loss of revenues associated with the golf course would even be eligible. We have a good engineer who will come up with good alternatives. Pete said that it was brought up in the meeting yesterday that when this study is done for #13 and the 6 homes, it needs to move along and included in this study should be the 2 homes on #10 and the home on #8.

Course/Project Update

Pete said that the #4 green is resodded. The result is great and looks really good. Now we are going to work on #6 and #13 between tournaments. Dick was very complimentary of Pete's effort to reduce expenses, but doesn't understand how they can get by with only 4 maintenance people. Pete said that he is looking to hire one more person and go from there. The Golf course is in really great shape. Bunkers are still

causing some problems. Pete suggested that Synder Brothers come out and play and tell them what is the problem is with the bunkers since they built them. #9 is the worst and is at the top of the list to get fixed, and #11 is next.

Discuss Action Plan for Internal Controls

Shane gave a copy of general operations manual to Chris and Kathy Rogers that Mr. Herman asked about. In the last section (3 page, different font and says 1995) it shows the original documents of policies and procedures for the golf course from when it opened.

Scott Gulledge would like an idea of how to answer Mike Gill's question presented in the last minutes. Shane stated that Mike Gill did not want us focusing our time on changing the operation in the busy season. The idea was to get this in the hands of the people that want to see it, they can look at it and set up a time during the winter to discuss.

Chris said that the majority of what was on that action plan list is already in there, but she will continue to work on it with Orion.

Dave Fearis said that we get compared with Overland Park and that you can't compare this facility with Overland Park.

Misc.

Dick said that we have to have our fees resolved by the October meeting in order to get them to finance for inclusion in the 2003 fee schedule to go to Council.

Lou said that the feasibility study does not show revenues that will accommodate the bond payment. Lou wants to know where would our base fee be projected at 7 years, are we ahead of the game.

Charles Lewis made a motion to adjourn the meeting. John Campbell seconded the motion. The meeting adjourned at 7:45 p.m. The next meeting will be on Thursday, October 24, 2002.

Respectfully Submitted,

Chris Claxton, Director
Parks & Recreation