

IRONHORSE
Golf Club



GOLF COURSE COMMITTEE
Minutes of August 24, 2006
5:30 – Leawood City Hall

Members in attendance were Dick Fuller (Chair), Councilmember Lou Rasmussen, Chuck Sipple, Carl Howell, Tom Davidson, John Campbell, and Mike O’Connell. Matt Roberts, Shane Gardner and Pete Spratlin of Orion Golf Management Group and Parks and Recreation Director, Chris Claxton and Sara Dinkel were also in attendance.

Dick Fuller called the meeting to order at 5:55 p.m. John Campbell moved to approve the minutes of the July 27, 2006 meeting and Carl Howell seconded the motion. Minutes were approved unanimously based on noted changes.

I. Course Maintenance/Project Report

Pete reported that not too much is going on concerning maintenance and we are starting to get ready for fall. Pete reported that he has decided not to aerate the course this fall but will be slicing the greens and top dressing instead due to the impending closure. We top dress the greens every other week right now and we are going to up the frequency. Chuck asked Pete what will this do considering we are taking the out the greens in January? Pete said he is just trying to make the greens survive the rest of the year and they need at least a little slicing to recover from the heat. Five of the greens took the heat pretty hard.

Pete said every green is a drainage problem and with the heat the conditions were right for fairy ring. Fairy ring is an organic matter rotting in the green, and it turns a really bright green. Then the soil under the column of grass becomes hydrophobic and then the soil won’t take water. So when you get a hot day the turf above the soil burns. Pete then said there are five greens where we do have dead grass. They don’t look very good but they are playable. Pete also said we don’t get very many complaints and he is happy with the performance of the greens. Pete said the rest of the greens are in nice condition.

Dick then addressed the group and said that Pete should be complimented because of the conditions we have at the course that he has still been able to keep the course in such good shape. Pete reported that the zoysia grass at the course is doing great. Pete said he has fielded some complaints about the crabgrass, like he does every year, and this year we do have quite a bit. He said that they have sprayed the grass and it is turning yellow and dying out. Pete said if we weren’t closing he would strip out the dead crabgrass and strip in zoysia, but with the closing he doesn’t want to go to the expense.

Dick asked Pete how we were doing with water. The Blue River went dry and so our pump was high and dry. Pete said he then ran the emergency pump for two weeks. Dick asked if this was the first time we ran the emergency pump this year? Pete said yes. Dick asked if the low water was the reason we didn’t have the duckweed this year? Pete said possibly and

he didn't know why we didn't have duckweed because all around us there was a problem with duckweed in the ponds. Carl asked if the aeration out there helps with the duck weed and Pete said he thought it did. Pete also said he thought the grass Carp that were added have helped with the problem.

Chuck asked if the river was still dry and Pete said "no." We got rainfall around August 1 or August 2 and if it rains in the right area the river will fill back up.

Dick then asked Pete to address the group and bring them up to speed concerning pond #11.

Dick said that at the Council meeting a resident asked that there be a pond/fountain put in on #11. Pete said he got a bid and it came in at \$13,500. Dick asked if that included electricity to it and Pete said yes, \$5,000 of that was for the electricity. Pete went on to explain the water in this pond is run off from surrounding yards which is the source of nitrogen in the pond, which makes the algae really take off. Two storm drains from Ironhorse Estates I and Ironhorse Estates II feed into this pond with no filtering at all. Controlling the algae in this pond has been a battle.

Carl then mentioned that he thought the resident's comments at the meeting were concerning mosquitoes and the West Nile virus. Chris said that Pete routinely treats the golf course ponds for that.

Shane Gardner and Mike O'Connell joined the group at 6:10.

Pete said he has had residents ask him about putting a fountain in this pond before, because they have been promised by the developer and real estate agents that there was always going to be fountain. Pete said he got a bid for \$13,500; \$5,000 for electrical: aeration or bubblers is \$2,500; and the fountain is \$6,000.

Carl said the fountain wouldn't have any practical use and Pete said no its just for aesthetics. Chuck asked so why should the city pay for it? Pete said we do have one on #6.

Dick asked are we talking about a lighted fountain and Pete said it could be. Pete said then the neighbors alternate as to wanting to have the lights on and not have the lights.

Dick asked "So Scott asked that we look into this and get the numbers?" Chris said that Scott Lambers asked that it be brought to the committee. Dick asked "Who's going to pay for it, that's always the question." Chris said it depends on when you do it because next year the golf course operations will go into the general fund. Chuck asked if the residents have a homes association. "Yes" said Pete. Lou asked if anyone has asked the resident if the Home's Association would pay for it. Chuck said we could offer to run the electricity and pay for the bubblers and ask the HOA to pay for the fountain.

Dick asked if we want to make a motion to recommend the electrical be run to the site and install the bubblers but not the fountain and then approach the Home's Association to pay for the fountain. Pete said this would help the algae problem but the nitrogen levels in this pond are very high.

John asked Pete if this would be a high priority and Pete said it is not high on his priority list. Lou said considering the concerns surrounding the current financing situation with the golf course he didn't see how we can go and spend \$13,500 for something that is basically

aesthetics. John asked if we were in favor what kind of timing are we talking. Dick said you would have plenty of time to do it because the course would be closed anyway in 2007. Tom suggested we table it for now and talk about it later in the year. Dick said we can report back to the City Administrator that this is what the costs are and the discussion was that we would table this issue until we get further into construction.

Chris said if the City desires to move forward with it, it could be budgeted for 2008.

Dick asked Pete where would the electricity come from and Pete said from the junction box on Ironhorse Estates II, right above the ladies tee.

II. General Operations Report

Shane reported that we finished around \$221,000 versus what was budgeted (\$222,000) for July. Income for the year, through July, is still ahead of budget by approximately \$85,000. July 2006 to July 2005 will show \$221,000 versus \$262,000. Last years July was better by about \$40,000, but Mike noted that the temperatures last July were around 85 degrees. Shane said last years weather was much better and the differences are reflected in golf fees and merchandise sales. Because this July was so hot we didn't have much play in the afternoons on the course or the range.

Shane reported that we are about \$41,000 behind where we were last year, and we were right on schedule up until late July. Golf fees and golf carts are above where we were last year, memberships are a little bit below where they were last year, practice tees are a little behind where they were last year, food and beverage are slightly ahead of where they were last year, and merchandise sales are \$50,000 behind last year.

Mike asked why the merchandise sales were off and Shane said because we don't have a couple of the tournaments we had last year and we are just not selling as much as last year.

Lou said he wanted clarification of page 1 of 1 in Tab 5 which talks about merchandise and Lou explained he didn't understand the Cost Margin as displayed on this page. Because of the way it is reflected in these numbers we have a very successful mark-up.

Dick added that when we look at these numbers it is amazing that the pro shop sold 44 sets of clubs so far this year. That number is amazing and is a reflection of the way Orion can sell golf merchandise and that they are carrying the right products.

Lou said he was very unhappy with the way the numbers are currently being reported and he liked the original form of reporting them better.

Shane said he had a meeting with Dawn and Teresa from finance and one of the things Shane mentioned to them was that we know the report is not accurate because there was a learning curve by staff at the course, associated with using the software for the first five or six months. Shane went on to say that they didn't realize that if they used SKU numbers that had already used it would cost average our wholesale cost. So what that has done is that it has driven up what if reflected as our wholesale costs which reduces our margin – and that is not accurate.

Chuck asked why did this happen? And Shane said that when they used a SKU number for an item, and then used it again instead of assigning a new SKU number, therefore not

resulting in 15 pages of SKU numbers, we decided to just use the number again. If that happens it averages the wholesale costs of the items – which is overstating what our costs are. So at the beginning our margins were reported lower than they should have been. Shane said he asked Dawn and Teresa to put a footnote down at the bottom of the report that states “This is not 100% accurate”.

Lou then said you might find yourself in the position where in the books it is reflected that you sold merchandise below cost. Shane said that although it might show that you sold items below cost on the report but you are not actually selling it below costs because it is still an average of costs. Shane said that there is a feature/update to the Crescent software that will allow you to turn that feature off.

Chris said that she and Shane have discussed that it is also necessary to use different SKUs and Shane has taken steps to correct that. Chris said they also found that there had been merchandise sold before it went into inventory and that process needed to be corrected with staff moving forward. Chris also said that she thought that they have a better handle on this and are taking steps to correct these things. Chris said the message is that it's not that the software is bad but that we need to get through this period where we will have a better understanding as to how we are going to be using the software. Chris also added that it is a complicated system but a very good system that integrates well with EDEN. Additional training for golf course staff may be a good idea so we can make sure we are putting good data in and therefore getting good reports out.

Lou said at this stage of game we are looking at misleading numbers.

Pete said it's a problem when you can't tell how many rounds have been played that day. You can tell how many rounds were played yesterday but not today. Chris said can't you look at the tee-sheet during the same day and get the information of what is booked for the day. Pete said you have to count them up off the tee-sheet.

Dick then asked about the quantities being reported and that the proshop only sold 2 golf bags in the first seven months of 2006. Dick said he bought a golf bag at the proshop this year and finds it hard to believe that only two have been sold. Shane said that they have sold more than 2 golf bags.

Lou asked if there was an inventory shortage last year and Shane said “No”. Shane also said that Dawn and Teresa found it surprising that the proshop does a physical inventory every single month. And Shane said you have to do an inventory every month, there are just too many people walking in and out. Chuck said “so you don't have any shrinkage and Shane said they do and they adjust for that so nothing is on the books that shouldn't be.

Shane said that the margin for last year was at 29%.

Dick said he had a question under Tab 8 Golf Course Maintenance Golf Fees were budgeted for Year-to-date of \$846,000 and actual is \$494,000. Pete said the finance department broke out the revenues to the course to the different departmental areas. Shane said what they did was take driving range income and put it against the driving range; the golf cart income against the golf carts; golf fees and memberships and put it against course maintenance; etc.

Shane said that all the expenses budgeted from January to July are under budget or right on. Shane said we have an adequate level of fall events coming up. Pete will probably hold off

aeration of the greens which mean we stay running more. Shane said we did lose two larger tournament events. Chuck asked what the reason was for them walking away and Shane said one of the groups didn't feel like they were going to get the players they needed and the other one felt uncomfortable with some of the uncertainty surrounding the course at this time. Shane said the group called and said they were changing their event so Shane asked if they could sit down and talk about why. Shane said the group always gave away gift cards at their events and it would be too late to use gift cards. They wanted to do something with merchandise but that might be hard to do because of limited inventory so its probably best to go elsewhere.

Dick said you know the questions are going to be if it's that close to closing, what shape will the course be in? Will there be merchandise available? What kind of timing do you have to cash in gift certificates?

Mike asked if every course does the aeration of the greens in the same two to three weeks. Pete said "yes". Mike said should we advertise that we will be up and running while the other course are doing aeration?

Shane said we will probably not hit the revenue levels the same a last year because we won't be able to sell 10 play cards or range cards because they may not be able to use them up by the end of the year.

Dick brought up the point that was the motion made in the last council meeting include the closure date of 12/31/2006 or did it just state that the course will be closing. Lou said the date it was closing was never discussed and is going to be left up to the City Administrator. Dick said he has to field questions concerning the closing date and should Orion be telling people out there that yes it is going to close.

Lou said that Orion's contract is up 12/31/2006. Dick asked if the city was going to make that decision so that it can be posted and shared with people.

Lou said he thinks that is something that Chris is supposed to take up with the City Administrator and name a specific date and assumes that it will be 12/31. Chris said that is what he's proposed.

Chris asked Dick if he was asking Lou if the council has to vote on a closing date. And Lou said "No the Council doesn't have to vote on a closing date" and that this decision was left up to Scott months ago. Chris said that in that case he has made told staff that the closure date will be January 1, 2007. Lou said, yes, he assumed it would close at the conclusion of the current contract which is December 31, 2006. John asked if at the end of August or September will Scott issue some kind of public statement concerning the closing date? Lou said he didn't have an answer to that question.

Dick said with all the press we had people know its going to close and people want to know specifically when. Dick also said that Orion is going to need to tell people in the very near future because of rebates on Triple Crown, etc.

Chris said she would visit with Scott again on how he would like to notify the participants and other public.

Carl mentioned that there was a piece published in the recent Parks Program Guide stating that the course would close for 2007. He also mentioned that we need to post it out at the course, with perhaps a little modification.

Tom asked if it was for sure that the range and the clubhouse would be closed and Dick answered “Yes” and that the Council voted that it would be closed and that’s public record.

Chris said that maybe we let them know in advanced the scope of the work and the improvements that are going to take place. And Carl said to also let them know the expense involved. Mike said something like that big display board they had last night and Pete said that board was about the creek project.

Shane said we need to be prepared when the date is publicized so we can tell people what their rebates may be etc. Chris said we will need to get some specific information from Orion and that the City will then discuss what options they may have in dealing with Triple Crown participants.

Dick asked Orion “at what point do you need to start liquidating the inventory?” Mike asked “Do you have to liquidate?” Chris said she talked to Scott about this and after we get through these tournaments we can determine what we have and Chris would get with Orion and determine what needs to be done to liquidate the inventory.

Carl said it’s going to have to be marked down and that the City’s accounting program has constraints where mark downs are concerned.

Shane said he would not wait to try and move this merchandise because now is when there is traffic out at the course. Lou said he thought that Scott needed to be informed that we’re looking at another \$100,000 loss at the end of the year unless he moves this merchandise and Chris said he knows.

Chris said part of the situation is that there were some orders that still came in and that there are still some that are on standing orders that are logoed and will be shipped soon. If we have good tournament events in September, this should help move some of this merchandise.

Shane said they have to order in the Spring for the Fall and if it was not logoed then he called and cancelled the remaining orders. Shane said we still had to take the few things that already had our logo on them and long sleeved items as well. Shane said besides those we don’t have anything else coming in now.

III. Update on Course Closure and Orion’s Agreement

Dick said the City Administrator was directed to get with Orion and negotiate a new contract. Dick said we are about one year behind in these negotiations and now we’re moving into September and there is a much more critical time frame now in structuring something with Orion before the course is actually closed.

Dick wanted an update on these negotiations. Shane said Chris, himself, Patty, Pete and Matt met yesterday and Shane said that Patty was going to send them something as soon as the rough draft was finalized. Chris said Patty was hoping that would be early next week and it should cover “the shell” of what might be out there for Orion in 2008 and 2009 and we should see something in the next few days.

Dick asked "What type of time constraint does Orion have concerning this agreement, in order to be able to negotiate with the city? Are we looking at October 1st? What is the trigger date?"

Dick went on to say that as a committee if there is no resolution the staff or the committee has to be prepared to proceed at that point.

Chris did say that during the meeting Patty asked Orion if there were certain deal breakers she would like to know about those sooner than later so that she might get in before the September 5 deadline for the council meeting.

Tom asked Chris "She wanted to know sooner than later? I would think Orion would like to know sooner than later."

Chris said if we can identify what those may be then we can re-evaluate what goes into the agreement and proceed with further discussions.

Dick asked "Who does the contract?" Lou said the City Administrator and Patty.

Dick said that Mr. Gill raised the question as to 2008 and whether the contract would cover all of 2008? Chris said the proposal is for the full year whether we open in January of 2008 or later.

John said he was out of town for the July meeting but prior to that he understood there had been discussions at the Council meeting to do away with the golf committee and at the last committee meeting there was discussion as to whether this group would still be around.

Dick said the Mayor specifically commented it was not the intention to do away with the golf course committee and that it had been discussed and it is in the minutes.

Lou went on to summarize, and list, what this committee has accomplished on behalf of the Golf Course such as developing the three covenants, what we have saved the city in terms of water supply, and if you go back and look at all the positive developments out at the Golf Course, it came from this committee. It's disappointing that we have Council members, and it's on record, that have no idea as to what the function is of this committee.

Mike said they don't understand what kind of talent we have operating the golf course and how lucky we are to have Matt, Shane, and Pete together along with Christine the Food and Beverage Manager.

Lou said we have to repeatedly be telling them the function of this committee. A lot of time and money was wasted on the issues surrounding hole #8.

Dick said "that's true Lou, #8 probably cost us six months."

John asked Chris is there a way to keep the committee more up-to-date on the happenings at the city concerning the course between the meetings, especially what's going on with Orion.

Chris said she would send the group e-mails and keep them more up to date.

IV. Errant Golf Balls

Dick explained how last meeting the topic of errant golf balls was raised and what should be done to protect the walkers in the path of these golf balls.

Dick said the possibility of putting up a warning sign or net was discussed.

Dick said Pete met with Patty.

Pete said he started to order a sign and realized that the other courses he knew of that had signs like this were not on public sidewalks and roads. Pete called Patty and then she became concerned that there may need to be more than just signs. Pete said he made some measurements for netting and came up with some pricing. Depends on the height, the location, and the length of the net.

Dick said it comes to putting up a net or closing the sidewalk.

Pete said we need to include some beautification with the plan.

Chuck asked “can you change the angle of the tee boxes from north to south so you make it a 45 degree angle so they are hitting more towards the northeast?” Pete said we can angle the tee boxes and we currently do that with ropes to designate the teeing area but you will lose more golf balls.

Carl said “having worked out there for five years, no matter how you angle those ropes people are still going to hit a ball out onto Bell Drive.”

Dick said although we are going to close the course this is something we need to address.

Carl asked “Can we make a motion that the Council appropriate roughly \$30,000 to pay for a 20’ high fence along the side walk?”

Dick said “If we are going to do it what budget will it come from?”

Pete said that Patty mentioned that now we started talking about this and there appears to be a problem, we need to address it.

Mike asked “Why wouldn’t you want to do it when the course/range are closed?”

Dick said “Is the best recommendation to shut the side walk down?”

Mike and Pete said people will just walk and ride their bikes in the street, so that doesn’t take away any liability.

Chris said we will visit more about this issue and get a better price and find out what the restrictions are, as far as the KCPL easement and lines that run above in this area.

Dick said we would talk more about it at the next meeting.

Mike asked John if someone is hit by a ball next week is the city more exposed now that we spoke about this issue. John said we are probably slightly more at risk.

Chuck said one of the things to consider if you are going with a 20' fence is putting this in the RFP for construction because these guys are going to have to put up trees and poles for the fencing.

Lou said we could check with the utility company and ask what the clearance requirements from the utility lines out there on Bell Drive.

V. Recommendation for Greens Architect

Pete said he got four proposals from four different architects that include budget numbers for the greens. Pete said this is for the design of the greens to be raised out of the flood plain. The four include: Craig Schreiner Golf, Inc.; Todd Clark (Clark Enterprises); Chuck Hermish; and one guy from St. Louis named Gentry. Pete said that Schreiner moved to South Carolina. Pete said that Schreiner has four projects going on in South Carolina and Florida, and he is extremely busy right now.

Pete said after reviewing the materials it came down to Craig Schreiner and Todd Clark.

Dick said that Craig Schreiner was one of the architects we interviewed to do the original design of the course. Pete said Craig did Prairie Highlands, the renovations at St. Andrews, redid Oakwood and the three holes at Brookridge. Pete said he is nationwide and has a large staff.

Pete said both of these guys are very comparable and Craig is very good with presentation and educating committees, staff, and citizens as to what is happening and the processes being used.

Pete said that Todd Clark did the design work at Prairie Highlands, and is currently doing Wolf Creek. Pete said he designs courses and he did Lawrence Country Club.

Lou said he understood that we were going with USGA standards for greens. Pete and Mike told Lou that these designers will be specifying USGA standards for the greens. Chris said that in Todd Clark's proposal he says that at the top of page three.

Mike said he thought that Schreiner was too busy for our work. Pete said Todd will be able to respond to our requests faster than Schreiner. Mike asked Pete who does he recommend and Pete said he was leaning towards Todd Clark.

Mike said Schreiner is more expensive and won't be around as much and it's probably more important to Todd Clark, local guy, to do a good job at a signature golf course.

Pete said that Craig Schreiner does offer to finish grading the greens, which means he is on the tractor doing the final grading. Pete said the finish grading will still be done by a professional.

Chuck asked Pete why he disregarded the other two proposals he got? One of the bidders, Stan Gentry, was too busy and the other guy, Chuck Hermish, just got filtered out, based on the better qualifications of the others.

Lou asked “What about the company who did the analysis of the greens?” Pete said that was ISTRK and Dick said all they do is testing.

Lou said as we go forward are we making it very clear, in terms of construction observation, that the City Council has authorized that Pete has the right to shut it down if necessary? Pete said they all do know that.

Mike said if we are looking for a recommendation, he recommends Todd Clark because Schreiner moved out of town to be near his significant projects in other parts of the country and our project may not be a priority to him.

Mike O’Connell made a motion to use Todd Clark for the design of the greens at Ironhorse Golf Course. Mr. John Campbell seconded the motion. The motion was approved unanimously.

Lou asked if this will go to the Council on the 5th and Chris said yes.

Chris added that the scope was done and we were using our standard architect agreement. We will send this off to the designer and get any necessary changes made.

VI. Miscellaneous

Chris said she had some calls about people wanting golf minutes. So once they are approved by the Committee they can be made available over the City’s website.

John Campbell moved to adjourn the meeting and Carl Howell seconded the motion.

The meeting adjourned at 7:35 p.m.

Respectfully submitted,

Chris Claxton, Director
Parks and Recreation