

IRONHORSE  
Golf Club



**GOLF COURSE COMMITTEE**

**Minutes of November 1, 2007**

**5:30 P.M. – Main Conference Room, Leawood City Hall**

Members in attendance were Dick Fuller (Chair), Chuck Sipple, Tom Davidson, Bob Reid and council liaisons Lou Rasmussen and Gary Bussing. Shane Gardner of Orion Management Solutions, Inc. and Parks and Recreation Director, Chris Claxton, Pete Spratlin, Golf Superintendent and Tonia Morgan, Administrative Assistant to the Parks & Recreation Department were also in attendance.

Dick Fuller called the meeting to order at 5:35 p.m. Chuck Sipple moved to approve the minutes of the September 18, 2007 meeting and Tom Davidson seconded the motion. The minutes were approved unanimously

**I. Presentation of Proposed Program Fees for 2008**

Chuck Sipple told the board that he would like to discuss the fees with a purpose to get a recommendation on the December 9, 2007. Chris Claxton reported that they are due to the City Clerk on the 9<sup>th</sup> of November but will probably go on one of the December council meetings

Dick introduced George Waterman. He lives in the Pavilions and has been a very active player since day one. He is a Triple Crown and ICGA member, and also is a marshal. He has always been very supportive of Ironhorse.

Shane Gardner reported that the draft business plan was e-mailed to everyone and included the fee section. In looking through the daily fees there is a 2006 price and a 2008 price. All prices stayed the same with two modifications to a couple of categories. One is the senior age and one is the junior age. The age ranges were changed to mirror or match the competition we face. Most of the other golf courses have set their junior age set at 21 and their senior age at 65. Ours has been 60 and 18.

A nine-hole rate was added for 2008. Shane feels that one of the barriers that keeps people from playing golf today is the lack of time they have. Some of the other golf courses have added a nine-hole rate to fill week day tee times that aren't being filled with eighteen hole play, or offering different options for golfers at a lower price.

Prime and non prime daily fees will remain the same. The practice facility, practice course and range balls will also remain the same.

Shane opened the floor for questions.

Chuck Sipple asked about the twilight and the nine-hole only having a \$5.00 difference. Are the people that play the nine typically the people that come in the afternoon and want to only play nine or will some come in the morning as well?

Shane replied that you will get some people that want to play nine holes before they go to work and some after.

Lou Rasmussen commented on what bothers him about this is if you look at the results for 2006, we have had a historically positive operating income and a positive cash flow. In our policy, the golf course usually comes out very well in terms of comparison with other parks and recreation department programs. He asked Finance to start to pick up what we are looking at in picking up any new costs. He reported that one of the big costs we are going to start picking up is the overhead cost of 25-26 maintenance people that will be brought in as employees.

He is worried that if we go with the 2006 fee schedule, at the end of 2008, assuming we have the same operating ratios etc., we won't have a positive golf operating income. It will drop to zero. He asked if \$5.00 is going to make a difference.

Chuck responded that the reality is that there is a lot of competition out there. We are coming back in the field with a situation that we all perceive and anticipate will be much better than before but we are still coming back after a lay off.

He plays with a lot of people and knows that there is a lot of resistance to rates being raised. He does not feel that 2008 is the time to raise prices. He would love to, because we haven't raised prices for a while. He understands what Lou is saying but he is concerned about raising rates in 2008 coming back in. He would like to leave it to Orion as they are conducting the survey as well as the ones standing at the front counter.

Leo Morton added that he agrees but isn't sure if he understood the question. He would like to get a review of the way the finances work. He asked if in 2006 or when the course was open, were the maintenance staff being covered.

Lou reported that they were employees of Orion. Lou went on to say that the fringe benefits package of Orion does not compare at all to the city employee. If you look at the fringe benefits you will see the unemployment taxes, supplemental retirement, health/dental plans, etc, and now the city is starting to pick this up.

As part of the city policy, in terms of Parks and Recreation, there are fee recovery goals that have been defined. The goal is that the operating costs of the Parks & Rec. functions should be recovered. The golf course has historically done that with operating. When looking at the numbers for 2006, he asked if we were going to keep the same operating income that we had in 2006; we should at least increase the fees \$5.00.

He came up with this figure because roughly 30,000 rounds a year, multiplied by 5 is \$150,000 and this would pick up the fringe benefits and the other things that the city has taken in.

Dick responded by saying that the course is unlikely to do 30,000 rounds because we are going to lose three months of the season. It was the city's decision to take them into the city. It is like saying that we've increased \$200,000 worth of expenses and pass that on to the

playing public. Dick is not disagreeing what Lou is saying but recognizing that increase costs are a concern that we've had all along.

Tom Davidson added that the difference will be offset because we are going to be crowded in May when we open up. We will have a good crowd coming back to us. There will be a lot of people that want to see the golf course and the changes and how it will play.

Chuck Sipple agrees with Tom. It is a wonderful marketing strategy to offer 2006 prices to come back to the course.

He would like to add something as oppose to what Lou says. He's always felt that there aren't enough discounts for Leawood residence. He asked how many Leawood \$5.00 discounts were given out of the 30,000 last year.

Shane reported that it is about 10%.

Chuck said he would like to see as another incentive for the residents of Leawood to come out and play and see what the new course is all about would be ten dollars off the regular fee. The 2006 price list is wonderful and very attractive, but he also feels that if the discount were bigger it would give Leawood residents a chance to play on their own course and see what we have to offer. He believes that the \$10.00 discount is enough to make people think twice about going to Ironhorse vs. Deer Creek.

Leo asked if the rate for seniors is a Monday – Friday. Shane reported that it follows with the prime and non-prime schedule. It is Monday – Thursday for the discount price. But, Friday, Saturday, and Sunday is prime time, and includes golf carts. Leo asked if they get a discount on the Triple Crown fee. Shane reported that they haven't received one in the past.

Leo also asked if there are any implications for the course when you get a lot more play on the front nine. Pete reported that it is definitely a lot more wear and tear on the course.

Dick added that the question is how much nine-hole play the course will actually receive. Generally speaking you will go off the front because the crowd may already be in the back side, so the front side will always get hammered a little more. He added that it is a good point to bring up. It is an opportunity to put into the change of adding nine-hole play into the new schedule.

Leo Morton also agreed that it is a good idea.

George Waterman added that as a golfer, having 2006 prices and going into an increase in 2008 might seem like a sound business decision, but there is a lot more competition and the golfing public has a lot more opportunity to play at the same rate that you are currently charging. As you want to go up in fees, you have to consider what the competition is as well.

Dick interjected that in 2007 Falcon Ridge raised their prices to \$85.00 and quickly put it back down. Also, Tiffany Greens did the same thing two years ago by going to \$80 or \$85 when everyone else was \$65.00, but had to bounce their prices back down.

He also stated that like it or not, we would all like to get higher rates, but the reality is in Kansas City there is a resistance to anything over \$70.00. The target right now is \$65-\$70.

Chuck asked Shane if the 2008 season prices from the other course are out yet. Shane reported that he does not have them from anyone else. Most of them won't come out until December.

Shane reported on the memberships and the advance purchase programs. The Triple Crown is similar to what we've done in the past. We will try to hold some of the tee times on Saturday and Sunday mornings for non Triple Crown players. This should create a balance so all those times are not taken by Triple Crown players.

One thing that they are suggesting is to hold up to 40-50% of the times between 6a.m. -12 noon for non Triple Crown that have two to three tee times in a row. This is not to say that a person who is a Triple Crown member cannot have others playing with them that are. He would like to book some regular play that is open to the general public after that.

This was implemented in 2006 as a test but we are going to let people know that if they are going to sign up for Triple Crown, some of those times will be held.

Leo asked Shane if this applies only when you are booking in advance as a foursome.

Shane said this is correct. According to Shane, you do not know if you will have 50 people or 150 people sign up for Triple Crown. One thing that we have to prepare for is growth. And, we may need to hold some times open for people who want to book a tee time. It is good business practice to keep your options open.

Chuck asked if people can book and pay for this on the internet.

Shane reported that they can do this with the Last Minute Golfer service over the Internet with a credit card and that service sends us a check. Mark Andrasik, City of Leawood's IT Director is trying to find a way to integrate the website at Ironhorse so people can do this direct. Shane reported that what drives this situation is what other competitors offer. The feedback forum with Triple Crown members gave us an opportunity to reinforce things we already knew and get an insight as to what people were looking for. He said that the Triple Crown, The Junior Triple Crown, and the Triple Crown Corporate Programs will receive a 10% discount off merchandise in the golf shop.

These are the only changes from 06 to 08. The one thing that you will notice in the note section when it comes to Triple Crown is that management reserves the right to accept or reject Corporate Triple Crown application. This is in there as a preventative measure, to keep corporate players "honest".

Dick Fuller added that he would like to address the fact that if we take out unlimited use of the golf cart, we are going to have a real problem. This is something that people look at and it is debatable in other areas.

He asked Leo and George to make a comment about this as they were both at the focus group meeting where this specific item was discussed.

George Waterman reported that Ironhorse is an unwalkable golf course. It is not one that you can easily walk and have a good day. Some of the toughest walks come at the end of the round. You have to walk up hills etc.

The competitive set is that with other courses, they are now offering unlimited golf car use as well. He feels that unless you drastically change your fee structure with Triple Crown, you would have some serious problems with this change.

Leo reported that for him, it is a huge convenience factor. He works a lot of hours and it works for him to be able to run up there and hit a few balls with the use of the golf car. It is an essential part of the package. The competition is picking it up, and it would be hard to try to separate it again.

Dick Fuller reported that this was a very strong focal point in the focus group meeting from people that are Triple Crown members that are now playing in other areas.

A question was asked about adjusting Triple Crown pricing.

Shane reported fees for 2006, which we had when we closed the course, have basically remained the same. The last time fees were changed was in 2005-2006 by \$150.00. It is suggested in 2008 for a marketing plan to keep things the same. It will be pro-rated relative to the opening date.

George Waterman suggested that if we were scheduled to open January 1 or February 1, it would make a big difference, but, as a golfer, a lot of places are asking for commitments soon and if Ironhorse doesn't make an announcement soon, he feels that you need to realize you are late to the party. People start playing golf March 1, not May 1<sup>st</sup>.

Shane reported that one of the things we need to do is capture as many people as we can since we've been closed for a year. It would be better to have a full golf course at first and look at our options for raising prices in 2009.

Shane also reported that the Ironhorse Golf association is going to be a combination of what was the Ironhorse Competitive Golf Association and the Conductors Club. We had approximately 85-90 members of the Ironhorse Competitive Golf Association in 2006 and add another 40-45 Conductors Club Members. If you combine these two core groups of players, you get a couple of different benefits. People that signed up for the conductors club don't have the ability to play in all of the events for the Ironhorse Competitors Golf Association, but they may like to play in the signature events. You will do the golf course a favor by allowing some of those people to mix in with the other people and probably enhance their relationship with the others that are playing and getting them to play in more of the events by combining them. The cost in the past for the Ironhorse Golf Association was \$400.00 but \$200.00 went to a prize fee pool and the other \$200.00 went to the golf course. The Ironhorse Conductors Club was \$250.00. The strategy is to lower it to \$150.00 with no prize fee/pool right now. The prize fee will be optional for people. He feels that if you lower it you will get more people involved, which should be the focus for 2008. Bring more people out and get them committed to the golf course. The Ironhorse Golf Association will be \$150.00 with an optional prize pool that they can pay into. This money will go towards prizes, dinners and other things. This will be a check for a payment that will not be with Ironhorse or handled by Ironhorse staff or with the City of Leawood. It will be handled by the President of the Golf Association and the secretary.

This will be similar to what has been done with the Tuesdays Senior League and the Wednesdays Ladies League.

The Tour Card is the same. This captures people for keeping their USGA Handicap at Ironhorse. There is a \$60.00 cost/value. Chris Claxton added that the cost of the facility for the USG Handicap service is approximately \$20.00 per person, so the golf course makes \$40.00 from the \$60.

The Ten Play cards are also the same. The Ten Play and Senior Play cards will include a golf car. The Junior Ten Play card does not include a golf car because generally they don't have a license and cannot drive. A lot of parents will buy Ten Play cards for the kids.

Shane also reported that the Practice Key (for the range ball machine) provides us with the largest area for growth. He feels that staff should do a better job telling people that this is available when they come to the counter. Golfers who buy a Practice Key save \$4.00 every time they get a large bag of balls, which is a significant savings. If promoted well, a lot of these can be sold. A sign should be put at the ball machine and the counter to promote this.

Chris said that one category that was added to the daily fees schedule for 2008 is the rental club fee, which is \$35.00. It was being charged but was not listed in the fee schedule.

Chuck asked if there is a discount if you walk and don't want a cart. Shane reported that it was decided in 2006 that there isn't a discount if you choose to walk.

Shane reported that the tournament prices were approved at the October 15<sup>th</sup> City Council meeting. He also reported on high schools using the golf course for practice. The boy's season is generally in the spring and the girls are in the fall. He reported that most high schools will use the course 2-3 days a week between 3:00 and 4:00 p.m. for practices and also the range.

The committee feels that Orion needs to talk to the coaches and inform them that we can allot certain days and times for them to play, but there needs to be an appropriate fee. He needs to work with Chris to figure out what schools will want to use the course. It is a difficult situation to make choices when you have a lot of high schools contact you and want to use your course.

In the past, we've accommodated 4-5 high schools at \$300.00 per school for the entire season. Most of them will play nine holes with 8-10 people per team, as well as use the range. Usually you have a team of 12 once cuts are made. According to Shane, this is something that you do as a good will gesture.

Dick Fuller added that it is a great marketing tool. Shane agreed but you have to manage the times that you allow them to play to make sure you keep some time open at that time range for the people who are getting off work.

The only two colleges that we've supported in the past are Avila and Johnson County Community College and they also pay a similar fee to use the course. The high school students as well as the college students will generally walk, but the coaches will take a cart to ride along with them to keep them moving. There is usually a benefit to having the coaches there.

Chris asked if the students could do something for the golf course as part of a payment for using the course, in addition to a fee. Maybe there is something they can do for us as a community service project to offset the cost of the reduced fee that they are receiving. Chris

agrees with the potential of a good will gesture but would like to see Orion place a value on what they are doing now. At this point, \$300 seems very low for what they are getting. We need a value in order to know what amount we are proposing to discount...

Lou Rasmussen asked what we'll lose if we raised the price from \$300 to \$500.

Leo Morton asked what the other courses were charging students to practice on their fields.

Shane reported that generally the high schools will use more than one course, so they will pay \$300.00 to us and \$300.00 to the other course.

Lou asked if we did not discount these fees anymore what would happen.

Shane reported that the only thing that we would incur would probably be a back-lash from citizens that live by the golf course and in Leawood that are receiving discounts from other courses.

Leo added that there could be a reputation risk from the students that have friends and parents that could potentially use the course. You want to be considered a good citizen.

Shane said that this is a city decision.

Chris reported that she thinks the council needs to know what the value is so they can determine what the fee needs to be and if there will be any discount.

Scott Gullledge said that most of these kids, if any, likely do not live in Leawood. The Blue Valley Schools should have the money to spend and could certainly support a higher fee. It seems like we are giving up a lot of good tee times and receiving very little for it.

Shane said on the positive side you are getting some additional revenue because they are buying snacks and some of them might buy Ten Play cards and range cards.

Dick Fuller made a recommendation to approve the fee schedule that is set forth in the Orion preliminary draft Business Plan for the 2008 fees. Leo Morton seconded the motion. The motion was carried unanimously.

Chuck Sipple made a motion to amend the fee schedule to include a \$10.00 discount for Leawood residents instead of \$5.00.

Shane feels you will have to be consistent with the discount you offer. Once you set it, you have to keep it the same in 2009- you can't go back.

The motion to change the discount rate from \$5 to \$10 for Leawood residents failed due to the lack of a second.

## **II. Discussion on Draft 2008 Business Plan**

Shane reported that the discussion should be tabled until the next meeting. This is a draft to look at and it will be discussed at the next meeting. Please review the entire document and call with any suggestions.

Dick Fuller reported that the purpose of the draft plan was for everyone to take their copy and look at it. The intention this evening was to take the fees out of it that we are utilizing for approval.

There may still be some modifications to review at the next meeting.

### **III. Recap of October 20<sup>th</sup> Tour of East Complex**

Dick Fuller reported that Orion did a great job. They had a tent set up and it went well and was very busy. There were a lot of volunteers to give guided tours.

Two hundred twenty five people signed in, and there were probably twenty to twenty-five more that didn't. From 9:30 a.m. to 2:00 p.m. it was pretty crowded.

Shane reported that he expected 100 to 150 at the top end. It was a pleasant surprise. It shows that people are anxious to see what is going on at the golf course. It shows that people still have an interest. The questions generally centered on the fees, opening date, and when they can start looking around.

Shane added that Pete was there with his assistant Eric out on the #7 green and he never moved. He could not go anywhere without people asking him questions. People are generally very excited. They want to know that things are going to be the way they used to be.

Leo Morton added that you have one time to do it right. It should exceed expectations, even if you have to delay it a month, which you definitely do not want to do. But, you want to make sure that it is done correctly.

The next meeting will be held after Thanksgiving, on November 29<sup>th</sup>, at 5:30 here at City Hall.

A motion was made by Bob Reed to adjourn the meeting at 7:25 pm. The motion was seconded by Leo Morton. The meeting was adjourned by a unanimous vote.

Respectfully submitted,

Chris Claxton, Director  
Parks and Recreation