

IRONHORSE
Golf Club



GOLF COURSE COMMITTEE

**Minutes of March 3, 2011
5:30 P.M. – Leawood City Hall – Main Conference Room**

Members attending: Dick Fuller (Chair), Bob Reid, Chuck Sipple, David Brucker, Shawn Hickey, Leo Morton, Steve McCartan and Jud Alford.

Council liaisons James Azeltine and Lou Rasmussen were also present.

Members absent: Tommy Davidson (phone).

Staff members attending were Chris Claxton and Tonia Morgan.

Members of Troon Golf Management Team, Jeff Thomasson [General Manager] James Kennedy [Superintendent] and Matt Shrum [Assistant General Manager] also attended.

Chair Fuller called the meeting to order at 5:45 p.m.

Chuck Sipple made a motion to approve the November 4, 2010 meeting minutes. Leo Morton seconded the motion. The minutes were approved unanimously.

Chair Dick Fuller thanked the Committee members for rearranging their busy schedules to be able to attend tonight due to the inclement weather last week. He appreciates everyone's effort.

I. 2011 Meeting Schedule

Chairman Fuller asked if everyone received their 2011 meeting schedule cards in the mail. There are fewer number of meetings scheduled so this should help to plan for future meeting dates.

Council Liaison Rasmussen asked if the meeting schedule has been approved by the Committee.

Chairman Fuller reported that this was approved at the last meeting.

II. Operations Report

Jeff reported that unfortunately there isn't a lot to report due to the weather. They have done less than \$10K total revenue for the year so far. The month of March has started strong. There is an open house Saturday and they will start in earnest to sell memberships. Pass holders will have the option to sign up for the IGA at this time.

Jeff reported that schools are back in session and are practicing again.

Jeff added that there were quite a few paying rounds today although the weather isn't expected to turnaround anytime soon.

Jud asked how the open house is promoted.

Jeff reported that it is promoted through the website and blast e-mails are sent. It was also advertised at the golf show held two weeks ago.

Jeff added that we finished \$210,000 below budgeted operating expense. Of the \$210,000.00, a savings of \$77,587.00 was realized in Golf Operations and another \$112,000 was realized in Golf Course Maintenance. Additionally, a savings of \$28,000.00 was realized in Food and Beverage expenses. This is described in the one page snapshot. A 2010 year end overview report was distributed in the packets.

Jeff provided a copy of the marketing information that will be used. The Heartland Soccer Association will host their first major tournament soon at the Overland Park Soccer complex. We partnered with them the latter part of 2010; 800 flyer inserts was delivered for distribution.

Jeff added that the new score cards and fleet of golf carts have arrived.

Shawn Hickey asked if the old golf carts were sold.

Jeff replied that they were traded in. They ran a year longer than initially planned and we received a great deal on the new fleet.

Tommy asked if GPS is included on the new fleet.

Jeff reported that the new carts do not have GPS.

Tommy asked if it accurate that there were eighty golf carts last year and currently there are seventy six golf carts.

Jeff said that is correct; there are seventy-six golf carts.

Jeff added that a preview round was offered at the Golf Show held two weeks ago for \$49.00, which included a round of golf, a logo golf cap and a sleeve of complimentary balls- eighty-four were sold. Ironhorse has a nice reputation. A large percentage who visited the booth commented that they hadn't played the course since it reopened and the greens were redone. Many agreed to give it another try.

Jeff added that \$4,000 in revenue was generated, which paid for the booth several times over.

Jeff reported that at the last meeting Tommy asked what percentage of Triple Crown members are older than 60 years of age. It was determined that twenty-four Triple Crown Members are over 60.

Jeff reported that a targeted map was done in conjunction with the Kansas City Star to pin point where all of the members are coming from. It was determined that a vast majority resides within three zip codes of the club and most live within a five mile radius. A marketing "blast" was sent based on the data found. Special offers were sent to fifty thousand residents, four days before the golf show, in the targeted area. They focused on areas revealed by the map and also the area around our competitors.

Jeff also reported that Sycamore Ridge, Ironhorse, Deer Creek and Falcon Ridge are the four key players in the Event and Member business we are trying to attract. The same offer was sold at the show and also placed in the KC Golfer magazine. A secondary mailer was also sent to non-subscribers.

Jeff reported that an e-blast will also be sent to a different segment of the market, based on online behavior, geared toward people who have specifically expressed an interest in playing more golf.

Jud asked where people expressed the interest. Was it an online survey.

Jeff reported that it's through Yahoo and Google. The KC Star calculates the data. The feedback received has been positive.

Jud reported that if a third of the Triple Crown Members are over the age of 60, what will be done to target those who have an interest within this age range.

Jeff reported that the ad is in the newspaper. The demographic for this age group normally reads the newspaper. The younger generation is more prone to read the paper on-line.

Jud asked if the Johnson County Sun newspaper has been contacted regarding advertising. It is a much smaller paper and has a tendency to stick out easier than advertising in a large paper.

Jeff reported that he hasn't contacted the Sun but appreciates the suggestion.

Shawn reported that the Sun started mailing their newspaper recently; patrons had to opt in if they want to continue receiving it or not. You can also read it on-line. He is unsure how they are distributed, but it may be worth Jeff checking into.

Jeff reported that they also started a text club. Anyone interested in joining the club can text the word "horse" to the club phone number and it will automatically enroll you. Once enrolled, the text can be shown at the counter to receive a one-time offer for a free complimentary bucket of range balls. The offer is deleted once the confirmation text is shown at the counter to avoid being used multiple times. The data will be used to build an additional directory for marketing offers. The service is a nominal cost of \$49 per month. It is another vehicle to get the message about Ironhorse to the public.

Committee members were all pleased with this new feature.

Jeff reported that Troon will provide a new publication twice yearly to all private club members and those on the public side on the mailing list. This is exclusive to Troon properties. Ironhorse has a presence in the magazine and it will be distributed primarily to those registered with the rewards program. Currently there are over nine hundred people enrolled. It will also be stocked at all of the Troon golf courses. The magazine is a great resource for traveling golfers.

Jeff also reported that they partnered with 810 Radio. They advertised the St. Patrick's Day Tournament that will be held on Friday, March 18. It is open to the public. They've also heavily advertised the annual pass program.

Jeff added that they spent the vast majority of the winter doing a lot of marketing and cold calling. Currently ninety-five percent more business is booked under contract than they hosted last year. The interest is there but it will also depend on the type of spring we have and course conditions.

Chuck asked about the profitability of the current booked events. Last year substantial discounts were given to get tournaments.

Jeff reported that they have been mindful. They aren't interested in discounting rates but are more interested in adding value and giving more for the rate. There is a lot of flexibility in food and beverage and also adding practice times without getting focused solely on rates. They try to stay on track and keep everything at rack, but very seldom will you receive full payment for tournaments. They can and will be profitable, but obviously we need to be cognizant of the competitors but unfortunately in this economy, everyone is looking for a deal.

Chairman Dick Fuller asked if other clubs released their fees. What is the cost of their rack rates. Are they holding?

Jeff reported that the majority are holding. Some have also done exactly what we've done in relation to charging the Saturday morning premium. Deer Creek increased their rates and are a little cheaper than our rates.

Chuck added that they don't have a practice field.

Jeff added that this is correct. Deer Creek doesn't have a practice facility. This is huge for a lot of players and a great part of the experience.

Jeff reported that one of their employee's dad is a professional photographer. He spoke with him about doing a completely new shoot of the golf course. There are a lot of pictures of the golf course but unfortunately many have the old green style before it has been redone.

Jeff reported that the new cards have a hole-by-hole layout above each yardage as well as an overall layout of the golf course.

Jeff added that all of the mechanicals have been received with the exception of the actual custom HVAC unit that will be delivered the first week in April. It will be installed shortly thereafter.

Chairman Dick Fuller asked if a new unit was installed two years ago when the clubhouse was completely re-done.

Chris reported that a new unit wasn't installed. A new control package was added.

Council Liaison Rasmussen asked Jeff if he is familiar with the Fagan contract. If so, does he have a copy of it.

Jeff replied that he is familiar with it but does not have a copy of it.

Council Liaison Rasmussen advised Jeff to get a copy because there is performance criteria that should be known to Jeff so when the day arrives he will be able verify that the system worked.

James Kennedy reported that he has a copy of the contract. He hasn't seen the criteria but he and Jeff will familiarize themselves with it.

Jeff reported that they have added a few new staff members to the team. He introduced Matt Shrum, the Golf Operations Manager. He has been on the staff since last August. Previously he was the General Operations Manager for Royal Meadows in Kansas City. He is responsible for the outside services staff, event sales, general golf shop operations and administration. He has done a wonderful job.

Jeff also reported that the cook rejoined the staff this week.

Jeff reported that the player assistants, outside services staff as well as the instructional staff will return to ramp up the instructional programs.

Tommy asked how many staff have been added recently.

Jeff reported that six people will be added to food and beverage; thirteen to guest services and eight will work in golf course maintenance.

Chuck asked if holiday parties were held in the clubhouse when the course was down.

Jeff reported that three parties were held in December. He is certain this number will increase significantly this year. There were two property owner association parties and a church group.

Shawn asked if an Easter event will be held at the course.

Jeff reported that they don't have anything planned at this time but he has considered hosting an Easter egg hunt for children who reside in the surrounding area of the course. They've been well attended at other facilities Troon has hosted in the past.

Jeff reported that in reference to the fence bids, there are two remaining sections to be done. Monies were carried over in the capital plan from 2010 to 2011. The second part will be completed in 2011. This will complete the Cities obligation for completing the fence project.

Chuck asked what fairways they will be on.

Jeff reported that we are responsible for the area around the driving range, the practice area, behind the maintenance facility and one section on the back nine.

Council Liaison Rasmussen asked the price bids per foot.

Jeff reported that there has been some disparity in pricing. The range is \$24 to \$42 per foot.

Chuck asked if fence will be added around number 12 on the west side of the green.

Jeff reported that this is complete. The only section remaining is the section on the north side of hole 14 from the tee box half way up the fairway. This is the developers' responsibility.

Chris added that nothing will be done around hole 15 because of the rock in the area.

Dick asked how much money was set aside per year in the CIP.

Jeff reported that \$75K was put aside for two years.

Chuck asked who the lowest bidder on the fence project is.

Jeff reported that Broski Fence Company from Kansas City, Missouri is the lowest.

Dick asked if the fence around the putting area is the area being replaced.

Jeff reported that it is the exposed area coming into the entrance.

Jeff added that a shorter fence will be used. They don't want to obstruct the nice view near the practice area by putting up the typical height fence used on other perimeter areas.

Chuck reported that this would be nice to see who in your group is in the area.

III. 2012 Proposed Budget

(Jeff provided Committee members with a handout)

Jeff reported that when Troon was awarded the contract in 2009, they assumed the budget given because the 2010 budget was complete and in place. Shortly after taking over operations of the club it was the 2011 budget season. Four weeks into the operating year of 2010 they were required to submit a budget for 2011 based on 2010 projections. They've currently had one full year of actual experience.

Council Liaison Rasmussen asked in regards to monthly rounds, why wouldn't the budget be based on the average of the ten years as a basis for evaluating the rounds. How was 28,689 computed.

Jeff reported that this is a utilization figure. He wouldn't use anything prior to 2007 for budgeting purposes for rounds. As a rule, this isn't done to come up with an average number.

Council Liaison Rasmussen thanked Jeff for this explanation.

Jeff reported that that they budgeted 2011 based on the 2010 projections with a positive spread of 4% increase in revenue and 2% increase in expenses, which averages to a positive spread of 2%, generally. The numbers compounded over time on projections for the 2011 budget, which we are operating in, showing a budgeted revenue of \$1.9 million. The actual revenue in 2010 was \$1.23 million.

Jeff reported that staff has come up with an aggressive but achievable number.

Jud asked if this reflects a large amount of discounting. The report shows an over 2000 round increase from the budget but a \$300,000 reduction in revenue.

Jeff reported that this is attributed to the dramatic change in rates.

Jud asked Jeff if he felt comfortable with the 34-35% increase in the number of rounds over a two year period.

Jeff added that this can be achieved. It is solely based on and is driven by the number of days available for play.

Jeff added that the difference between the 2012 budget versus the 2010 actual is there wasn't a capital lease for carts in 2010 but it is factored in 2012. This is an improvement based on incorporating this number alone of \$200,000. This is half of what was experienced in 2010.

Leo asked what percentage of the rounds played are event based.

Jeff replied that the goal is to do 20% of the rounds during events.

Leo agreed that this will provide more certainty in the forecast. What was the numbers last year.

Jeff added that there were 2000 tournament rounds last year. The plan is to do 6000 this year.

Chuck asked if less merchandise will be sold or will it be discounted more.

Jeff replied that less merchandise will be sold this year. As a rule they don't discount often. They maintain a standard cost to sell percentage. There are many competitors in our market area.

Dick reported that the reality is our inventory is for people to purchase signature items and mainly for tournament purchases.

Jeff reported that we are our biggest opportunity in merchandise sales. We must have a selection more than socks and golf balls. Event groups won't be inclined to spend money in shop credit if we don't offer a nice selection. They are making a conscious effort to grow loyalty in custom fitting this year.

Jeff reported that he was asked at a previous meeting to benchmark information to establish baseline numbers for the next three years. Utilization industry wide has decreased tremendously, nearly 10 to 15% decrease since 2005 – 2007. Our numbers are typical of what the industry has experienced in regards to integrity, utilization, expenditures, rate, ancillary, etc. People are in a bunker mentality. They are not buying/selling houses, changing jobs or making any family changes unless it is absolutely necessary. Ironhorse has the benefit of families that are spending money to a degree. Families are participating in the active junior program but Ironhorse is impacted to some extent.

Jud asked how we break even if 2010 actuals are one-third in the number of projective rounds and we are at a \$200,000 deficit.

Jeff reported that we have to go the top line. We must drive revenue growth to accomplish our profit targets instead of cutting expenses to achieve our budgeted profit. The expense line for the course has decreased the past four years. Meaningful cuts will begin to have an impact on the quality of the experience, and quality of the amenity and can also create long term negativity.

Capital improvements can be deferred but ultimately the piper has to be paid. People may be laid off, chemical applications can be skipped, you cannot edge the bunkers or mow the fairways as often, and

also not have the same service levels in the clubhouse, or the staff in the parking lot, but unfortunately golf is a high fixed cost business.

Jud replied that he is curious due to what looks like a nice growth in rounds isn't filtering to the bottom line very well.

Chuck asked if 30,000 rounds will allow us to break even. Is anyone in town doing 30,000 rounds.

Jeff replied that this amount would allow them to break even. Some courses will have more than 30,000. St. Andrew's did 72,000 rounds but only 53,000 the next.

Chuck reported that they allow fivesomes and you usually have to wait on every tee box.

Jeff reported that every decision made operationally will have an impact down the line. We can go to eight minutes and get more people on the golf course, but what does it do long term.

Leo asked what part of the cost is actually variable with the number of rounds.

Jeff stated that there is really no true variable that you can collate directly to a round of golf.

Jud replied that if looking at the cost and one thousand rounds of golf were added it would almost be 100% to the bottom line at that point.

Jeff reported that this is correct.

Steve asked Jeff how flex-pricing will impact the estimated average revenue per round. This is a good idea that this is being done this year.

Jeff replied that going to this system didn't impact a significant amount. It is factored into the overall blended rate for the purpose of budgeting.

Chuck asked when the variable pricing will go into effect. Will an e-mail blast be sent soon.

Jeff reported that it is currently in place. A separate text message will not be sent but the information is on the website.

Jeff added that one of the biggest problems at the golf course is everything put on the course is petroleum based, i.e., pre-emergent, insecticides, chemicals, and fertilizer. Factor in the freight cost and the fuel surcharge, it is never ending. The fuel cost nearly doubled in certain instances. This cost cannot be projected. There is no way around the cost when daily maintenance must be done.

James Kennedy added that prices will often increase daily.

Jeff added that this also happens with chemicals and top dressing for the greens. Anything brought in by truck costs more.

Leo made a motion to approve recommendation of the proposed 2011 budget as provided by Troon. Jud Alford seconded the motion. The motion was carried unanimously.

IV. Course Maintenance/Project Report

James reported that Dan Cutler was hired as his new Assistant. He completed an internship at the golf course and joined the team full time in January. He is also in the process of completing new hire paperwork for an additional assistant whose first day is tomorrow.

James reported that the greens irrigation project started November 3. Seven holes are complete so far. James also reported that he would like to have this done by the end of April or early May.

Chuck asked if hole 17 has a fan.

James reported that it does. Additional fans have been ordered and will hopefully arrive soon.

James added that 15, 17, 4, and 5 currently have power. They met with K.C.P.L. today on additional locations.

Chuck asked if the holes will be individually metered.

James reported that 12 will come through the neighborhood, 14 will come off the corner box from the shopping center, and 18 will come from a transformer as you drive out of the course. They researched the cost to run the meter from the comfort station but the wire alone was nearly \$5,000 and didn't include conduit, trenching from the bathroom down the green.

James also reported that they also worked on thinning out timber around the greens. They also completed general cleanup along the creek.

Council Liaison Rasmussen asked what has been done under Mission Road.

Chris reported that it hasn't been determined how much silt is there. There is no funding to remove it.

Chuck asked if the City resolved the issue where the homeowner cut down the trees on hole 18.

Chris reported that this has not been resolved. It has been continued several times.

Council Liaison Rasmussen asked why it has been continued numerous times.

Chris reported that the homeowner is in hopes to get the charges dropped, however: Scott, the City Administrator wants to pursue it.

James reported that the zoysia will be sprayed with pre and post emergent soon if the rain holds off.

Leo asked if there are any problems with the fairways.

James reported that none other than 3, 14, and 10 that hold water, he doesn't foresee any problems. There may be a zoysia patch in May. They spot treated in the fall for it. The first tournament is scheduled in April. They want to be in good shape.

Chuck asked if the zoysia has been added to the collars as discussed at the previous meeting.

James added that it is with the exception of four holes. This will be complete in May or June when it comes out of dormancy. It can be laid in the cold months but it won't actively grow and tack down. He wouldn't want to do it around the greens due to the high traffic and sod slipping.

Jeff added that they discussed expanding the greens to the areas of the bent grass to reclaim some of the collar areas and incorporate them into the greens without re-sodding them.

Dick asked when the sub air will be done and which ones will be done first.

James reported that he has enough for 18, 17, 12, 15 and 14. We can add each year on an as needed basis after the blowing unit and valves are received.

Jeff invited all Committee members to visit the golf course to see all the work that has been done. The course looks totally different with all of the trim work complete.

Jeff added that he will celebrate his one year anniversary March 8 at the golf course. He can remember how the course looked then compared to now, it is a night and day difference.

Dick Fuller asked when the first half of the Triple Crown Membership dues are due.

Jeff reported that they are due this week.

Dick Fuller asked where we are in relation to the numbers.

Jeff replied that sixty nine were sold last year. He anticipates selling near the same amount this year. He sent an e-mail last week. He has sold three new members this week.

V. Topics for May meeting

Dick Fuller asked Committee members to notify Chris or himself of any agenda items to add to the May meeting one week prior to the meeting date.

VI. Misc.

The next scheduled meeting is May 19, 2011, 5:30p.m. at Leawood City Hall.

Chris reported that the meeting is scheduled for the third Thursday to avoid the Memorial Day holiday.

Dick thanked everyone for attending the meeting.

A motion was made by Chuck Sipple to adjourn the meeting. The motion was seconded by Bob Reed. The meeting was adjourned at 7:38 p.m.

Respectfully submitted,

Chris Claxton, Director
Leawood Parks and Recreation Department