

IRONHORSE  
Golf Club



**GOLF COURSE COMMITTEE**

**Minutes of May 2, 2013**

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

Members attending: Dick Fuller (Chair), George Waterman, and Chuck Sipple.

Members absent: Tommy Davidson, Leo Morton, Bob Reid and Steve McCartan.

Council Liaison attending: Jim Rawlings, James Azeltine and Lou Rasmussen.

Staff attending: Chris Claxton and Tonia Morgan.

Chair Fuller called the meeting to order at 5:50 p.m.

Guest Attending: Mitch Harrell of Troon Corporate.

Due to lack of a quorum the March 28, 2013 meeting minutes weren't approved. Committee members will vote via e-mail prior to the July meeting.

**I. Operations Report**

Jeff reported that rounds and revenues are down YTD 60% vs. prior year. Through April, we have realized 25% lower revenues versus the same period in 2012. We are down nearly 85% in the mid central region of the country due to the late winter. Although we haven't impacted to that degree, we are well behind the first 4 months of 2012. Rounds through April were 2,947 as opposed to 5,101 for the same period in 2012. The weather we've experienced has negatively impacted annual pass sales with a probable net loss of 10 passes sold. We are nearly \$100K in revenue behind last year. We should be able to make some of this up if we experience a decent summer and fall.

Jeff reported that we will achieve our goal of 1,500 event rounds booked by May 15; the late summer booking season has begun to increase. He is confident an additional 1,000 event rounds could be added by the end of the season.

Jeff added that on Memorial Day, they will host 'Inside the Ropes', an event featuring 2-Time Masters Champion and World Golf "Hall-of-Famer" Bernhard Langer. The event will benefit The First Tee of KC, Patriot Golf Day and Anchor of Hope. The event is free and open to the public. Bernhard will spend a day at Ironhorse and conduct a clinic and social. A silent auction will be held with Masters and PGA memorabilia as well as autographed items. Bernhard is a very good friend with Paul Clark, a Champion Tour Chaplin and resides in Kansas City.

Jeff reported that they continue to press forward with radio and television focusing on hour campaigns through radio and television. We focus our radio on Sports Talk 810 and ESPN Radio 1510 as well as Time Warner and other cable affiliates. The weather hasn't cooperated but when the weather has been good, we've been busy. We were recently recognized by the Kansas City Business Journal as one of the top rated public golf courses in the Metropolitan area.

Jeff added that they recently completed clubhouse renovations; the interior of the clubhouse was painted, new carpet was installed, new countertops were put in the restrooms, along with new cabinets for a new ice/water dispenser and new tile.

Chair Fuller asked Mitch Harrell if Troon overall is experiencing the same as Ironhorse.

Mitch replied that this is correct. The same stories of last year in the Midwestern properties are experiencing the same overall. A course in Minnesota was open last year but hasn't opened the doors yet. He recently visited The Ridge of Castle Pines and they've been open 7-8 days vs. 45 days at this point last year. The weather phenomenon switched from the great spring last year to no spring this year. There was a difference of 85 playable golf days for the first four months of the year so far.

## **II. Course Maintenance/Projects Report**

James reported that they were busy in the month of March cutting back native grasses around the clubhouse, comfort stations and tee monuments. They replaced a gate valve on the #4 fairway and collected and delivered soil samples to Brookside Labs for soil testing. They also worked on the tees, greens, and fairways.

Jeff added that in the month of April they pressurized irrigation in preparation for the summer; and checked golf course greens in preparation for the summer. The green aerification has been completed. They installed a new concrete pad on the driving tee. All planks on #10 bridge were replaced. He will replace the planks on #4 and #8 as needed. They purchased materials to replace split rail fence on #17 and to make repairs to the remaining split rail on the course. They began fertilizing roughs and fairways. They will do sod work around the cart path soon as weather permits.

Chuck asked the plans for the pond on #11. Will the bubblers be re-installed soon if removed for the winter.

Jeff replied that bubblers are never removed. It is typically turned on mid-March. The first treatment is usually completed in February.

## **III. Discuss Potential Expansion of Clubhouse – Feasibility Study by Troon**

*Jeff passed around a memorandum recently submitted to Chris regarding the possible clubhouse expansion and provided an overview of the potential layouts.*

Jeff reported that the expansion will be roughly 4,500 sf., a roughly 50 x 90 addition.

Council Liaison Rasmussen reported that Councilmember Bussing recently brought up a question regarding making sure we have the right square footage in terms of the population we seek to acquire. Will 4,500 provide the necessary space to accomplish the revenue flow?

Jeff reported that he is confident it will.

Council Liaison Rasmussen asked Jeff to clarify the square foot per person per the conversation they had recently.

Jeff replied that it will be 17-22 sq. ft. per person depending on the type of event.

Council Liaison Rasmussen asked if Jeff has a construction cost initial guesstimate. Has a construction schedule been established?

Jeff reported that the figure discussed is \$200 per foot.

Council Liaison Rasmussen reported that this is \$900K.

Jeff reported that this is correct. Assuming funding is successful, 50% would be available in 2014 with the remainder in 2015; starting the construction schedule to coincide with the funding schedule beginning in the off season (November – the first of March) of 2014.

Council Liaison Rasmussen asked if construction bids can be researched in early 2014 since there is a timeframe and a financing frame to submit to the City Administrator and City Council.

Jeff reported that this is correct. The plan is to present the funding request in June 2013.

Chris added that the funding request will be presented at the Work Session, June 17.

Chair Fuller reported that turnkey is \$900k with an additional \$100K for engineering and design.

Chris reported that for a point of reference the project explained in the C.I.P. Book shows \$700,000, using the same formula.

Council Liaison Rasmussen clarified that the overall initial guesstimate for the CIP would initially be \$1,000,000.

Jeff reported that this is correct.

Council Liaison Azeltine asked if we will expect in the first full year of operations (in terms of incremental revenue) relative to what we are generating now.

Jeff replied that the conservative amount will be roughly \$300K.

Chair Fuller reported that it is smart to be conservative in their efforts; a portion of the problem is booking. Most book twelve months out or more. It is hard to say it will be open on a certain date and not be able to deliver.

Jeff reported that this is correct. It is important to allow leeway regarding construction time and an opening date. It is hard to push an architectural rendering. Promoting it for Golf is fine, but doing so for weddings won't be wise; the worse thing we could do is schedule a June wedding if it's not complete and they are scrambling to find an alternate site.

Council Liaison Rasmussen asked considering what happened to Meadowbrook, Leawood South, Brookwood, all who had rather extensive facilities; how do we reconcile their fate to us being able to being able to being able to pick up an additional \$330k worth of revenues.

Jeff added that all mentioned by Lou are private clubs with an excessive amount of space, with an area to host events. Leawood South is removing 4,000 of event space to provide fitness, but still have facilities to host some events. We don't have the facility to host a full-field interior event at this time.

Council Liaison Rasmussen asked if the revenue and expense include expansion of the food and beverage area.

Jeff reported that it does not. The golf industry restaurant business in this day and age has minimal prep; most are heat and serve from a food provider. A larger preparation area is unnecessary.

Council Liaison Rasmussen asked how the golf fees are reconciled with \$88,000.

Jeff reported that this is a standard increase for the purpose of conversation tonight with a built in expense and revenue kicker each year.

Council Liaison Rasmussen asked Jeff to clarify the numerator and denominator of the 17/20 equation reported earlier.

Jeff reported that this equation was referring to individual square foot needs.

Council Liaison Rasmussen asked how this reconciles into golf fees.

Jeff reported that the numbers are driven off rounds of golf. We began the first year conservatively with an additional 1200 tournament rounds (six large groups) we currently can't host in the first year of operation, assuming we open the middle of the season. This grows 3-4%, and one year as much as 6% in rounds based on the average event rate green fee. This isn't attributed to space size; it is strictly based off rounds of golf.

Council Liaison Rasmussen asked if there is a way to reconcile the guestimate of revenues with what we are building toward. How does this converts to rounds.

Mitch reported that it depends on the number of people attending events. Ironhorse currently can't seat 100 people. It depends on the number of people we would like to host. It would be nice to have an indoor area to accommodate 200 people.

Jeff agreed. If players and volunteers are factored in it could exceed more than 300 hundred. We don't have a chance at capturing an event of that size with our current square footage. Many events are turned away from the Lodge due to unavailability that could potentially be held at Ironhorse with adequate space. We will be able to capture 30-40 additional events per year with the expansion, without additional marketing just by having the additional space.

George reported that some banquet facilities have become a short supply because golf course operators can drive more memberships having a fitness facility instead of a private banquet facility. Jeff and his crew can sell banquets at our facility.

Council Liaison Rasmussen assumes the \$1,000,000 dollar includes additions to the air conditioner.

Jeff reported that the space may need an independent mechanical system. This will be determined early on. But, the room will not have the HVAC on when it is not being used.

Council Liaison Rasmussen asked why additional employee expenses are needed.

Jeff reported that they are currently not open past dark but the hours of operation will expand if events are booked late; some may last until midnight.

Mitch added that an additional catering manager may need to be hired specifically for events. They have 40 additional employees at their Troon North facility for a 4,800 sq. ft. banquet area.

Chair Fuller asked how much additional revenue Troon North receives solely on banquet rentals.

Mitch replied that they acquire \$2.2 million in banquet revenue yearly. They hosted 67 weddings last year.

Jeff reported that they receive 3-4 calls weekly inquiring about wedding rental but are discouraged once they find out it isn't a private room facility.

Chair Fuller added that events held at the Lodge typically have 220-300. It is booked eighteen months in advance. If the clubhouse is renovated it would not impede events at the Lodge. The City is missing out on events as well as the golf course is missing out on tournaments.

Chris reported that calls are received and 4-5 events are turned away daily due to not being able to accommodate them.

Jeff reported that this is a prime location in South Johnson County. With the views and the location it would sell itself once it gets off the ground.

Council Liaison Rawlings reported that \$200 per square foot is on target with the current market for a commercial building in Leawood.

Council Liaison Azeltine asked the current revenue estimate for the clubhouse. Is part of the charge to calculate cost recovery?

Jeff reported that this is found revenue in addition to what we are doing now. It isn't factored in because we aren't hosting events other than a bridge club periodically. This is truly incremental to the new construction and is not part of the cost recovery. Renovations could generate \$100,000 per year. This is conservative. He doesn't want to speculate grand numbers and not fulfill them in years to come, but he is confident it will do well.

Chair Fuller reported that he understands Council Liaison Rasmussen's concern that some country clubs haven't been able to make it work but one of the reasons is their facility is private and have a full service staff and operation even if minimal people are there. The golf course would not operate this way.

Council Liaison Rasmussen asked how the \$700k in the rough draft changed to one million.

Chris reported that she would inquire what the support and recommendation is from the Ironhorse Advisory Committee in regards to increasing the square footage. If we go from 3000 to 4500 sf. then the cost will increase accordingly, based on the \$200 per sf. estimate.

Council Liaison Rasmussen reported that we shouldn't take this route. The C.I.P. is approaching fast.

Chris reported that June 17 is the work session regarding this so we should know the council's position after this.

George reported that an additional 3000 square feet will probably hold groups of 150 people.

Jeff reported that this is correct.

Council Liaison Rawlings asked how many people are turned away.

Jeff reported that he receives calls often from potential tournaments but has to turn them away if they have large groups.

Council Liaison Rasmussen reported that we are currently 150K short of reaching the operating income. If we had this facility how much of the 175 would be put in that line.

Jeff reported that near all of it. The cost to operate non capital, net of daily operating would go through the bottom. On a twelve month schedule it would only be staffed when being used.

Mitch reported with the exception of hiring a sales person or banquet manager if needed. Most is variable.

Chuck asked if additional amenities will be added for the regular golfers. Six months ago we discussed expanded bathrooms or locker rooms. Will these be included in the renovation? Many have expressed an interest in having these amenities added.

Jeff reported that they did not plan for lockers. They could be included for an additional cost. Restrooms facilities will be added but not golf specific.

Council Liaison Rawlings agreed with Chuck. This is a good question to ask.

Jeff agreed that a dressing room would be nice for patrons trying on golf attire. And also the locker rooms but would significantly drive the cost, especially on the FF & E side. Furnishings could be expensive.

Chuck asked if the cart room will be expanded or additional storage added.

Jeff replied that they discussed enclosing two of the sections directly off the cart barn for storage but it wouldn't be heated or cooled.

George reported that the area should be tall enough to be used as teaching areas. An indoor simulator would be beneficial. If enclosed and heated the area could be a small fitness center which would drive revenue during the winter months members working out. If Ironhorse is truly going to be in the middle of everything in years to come there aren't any workout facilities in the area except for Lifetime Fitness.

Jeff agrees but this would also add to the overhead. It would need keyless entry with an attendant with bathroom facilities as well as ADA compliant. There are building codes to consider. He doesn't have the level of expertise to answer this question to know the additional cost. The question becomes "Is that who we are?". He can't answer that question. Ironhorse is known as a golf course deriving 85% of its revenue from golf specific events.

Council Liaison Rasmussen reported that this should be a directive from the Council much like the clubhouse expansion. People may not want to be in the basement of a facility.

Chair Fuller reported that he doesn't think a fitness area on the lower level would be cost efficient or attractive.

Jeff added that without the fitness component you might be leaving out the family component; from a consumer buying decision females in the household usually make 80% of the buying decisions. If a husband wants to join a club, the wife and children may be left out if they join at a golf facility if they don't play golf.

George asked would it be a better asset for the City if we explore the option of turning the bottom portion of the clubhouse into a fitness facility and build a medal building near the agronomy center and use it as a cart barn near the end of the range rarely used and turn a portion of the range into useable banquet space with nice views.

Jeff thanked George for the suggestion but a cart barn far away from the clubhouse adds a tremendous amount of labor because they have to be trucked all day.

Mitch added that another kitchen or prep space would be needed on the lower level closer to the banquet facility.

Jeff agreed. This is important. An elevator would or a dumb waiter would be needed to transport items.

Jeff asked George is he is referring to not renovating the upstairs and enclosing the cart barn only.

George replied yes, this is his suggestion.

Jeff reported that the cart barn has the entire mechanical system inside; the HVAC system operates off of this room. It would hit everyone in the head by the time a suspension ceiling is installed to cover it all. It is similar to an A-frame barn with low ceilings with a support beam in the middle. Hiding the mechanical would allow no clearance. There isn't a way to enter the crawlspace above it, which is the sub floor of the clubhouse. It is doable but expensive.

Chuck added that it wouldn't be attractive for rental groups who like the higher ceilings with views.

Council Liaison Rasmussen asked how much incremental golf revenues are expected from the 4500 sq. ft. addition. This is important for the City Council when considering the expansion.

Jeff reported that he anticipates a tremendous increase in golf revenue once banquets and events are factored in that we can't accommodate today.

Chair Fuller reported that due to lack of a quorum the Committee is unable to vote but maybe a phone or e-mail vote could be done before this goes to Council.

Council Liaison Azeltine asked if he, Council Liaisons Rawlings and Rasmussen attend the CIP session and discuss the conversation from the meeting including the new square footage, shouldn't this be enough?

Chris reported that this could be done. The work session is on June 17, a week before the 2014 budget meeting. The same information would be brought before the Council; Golf Committee members can attend if they are able, and can then determine the level of support from the governing body.

Council Liaison Rawlings reported that he agrees. If this is going to be done we need to move forward and not miss a year or more.

Chair Fuller reported that the Committee will be polled if needed to determine the level of support.

Council Liaison Rasmussen reported that it is important to inform Scott Lambers, City Administrator so he is aware and isn't broadsided.

Chris reported that she will share this information with the City Administrator soon.

#### **IV. Discuss Course Evaluation (December 2012)**

Council Liaison Rasmussen reported that everyone should have received an original course evaluation prior to tonight's meeting. He asked Jeff to reconfigure the items based on public safety and a competitive advantage to determine what is in the best interest of the golfers and determine other issues.

*Jeff gave an overview of the Golf Course improvements handout.*

Jeff reported that the project is broken into four phases. The first is the most critical, public safety, risk maintenance, the steps and walkups on the entire course. The course was built in 1994; wood is rotting, bridge planks and split rail fence have been replaced. The steps built originally out of the railroad ties have dilapidated, become unstable and unsafe and need to be replaced. They are too steep in a lot of instances and are a danger to the public, golfers, and are certainly not safe for the senior population. A contractor is needed to develop the scope and bid it to fix the project. All of the tee boxes are unlevel and need to be expanded. These items can be prioritized in phases over a couple of years.

Jeff reported that there isn't a way to determine a dollar amount until the scope is developed on #18, which is the biggest part of the project and is the largest area that needs to be addressed soon. This is not an option that can be spread out over time. We need to mitigate as much of the risk as possible and make the areas safe.

Jeff suggested that this should be done in a period no longer than 24 months; half would be done beginning in 2014; the remainder in 2015. It is important to always have regular tee boxes available on any given hole.

George reported that there are tees that should not wait until 2014. The tee on #13 from the blue tee should be fixed as soon as it's hot enough to grow grass back on the tee. Some of the projects in the report could be more than a quarter million dollars. We need a solid number moving forward.

Jeff reported that he agrees. He is uncertain if special funds should be sought in 2013 to replace the railroad tie structure and other items that should not wait.

Council Liaison Rasmussen asked where we are in terms of the budget. Has this been presented to Scott Lambers, City Administrator? The items listed are mostly operational with no capital improvements in his opinion.

Chris reported that this is not anywhere in terms of funded or unfunded.

Jeff replied that the irrigation project could fall under the capital improvement category. Cart path repair could also be and also redoing the parking lot. It should be ADA compliant.

Council Liaison Azeltine reported that he agrees.

Council Liaison Rawlings reported that the law works in favor of facilities being ADA compliant once remodeling projects begin. This law went in affect in 1978.

Chris reported that the City Attorney and Assistant City Attorney attended a seminar and found that there are significant updates regarding ADA that were implemented recently pertaining to golf courses.

Chris asked how long it will take to receive a cost estimate.

Jeff replied that it shouldn't take long to procure vendors.

Council Liaison Rasmussen asked is there a way to phase in the \$245,000 dollars. The operating margin will become negative if it shows up in one year. It will be important to prioritize projects from a budgetary standpoint.

Chuck asked when the work will begin.

Jeff replied that it will be phased over two years. The work would begin April, 2014 if successful with funding. We will hopefully receive 50% in June and begin leveling tees as soon as they cutting sod.

George asked if money is in the budget to add additional sprinklers in the rough to make sure they last in a hot dry summer. This was discussed when the sprinkler control valves project was upgraded. Has this been re-discussed?

Jeff replied that monies weren't available to add this in the operating budget.

James reported that additional heads will be rearranged and added if the tees are leveled and expanded 1 to make sure the roughs are covered.

George reported that along #8 half way through the hole is a serious water spring similar to a garden hose constantly running. Is there a solution to this?

James reported that this was dug up two years ago thinking it was an irrigation leak and it has reappeared.

Jeff reported that there are at least four-five spots per year depending on the snowfall we receive coming out of a drought with the moisture we've had that springs surface. A lot of work is done to redirect it and it goes away but will reappear. There isn't an easy fix. Drainage has been put there eight different times, on top of each other, and each subsequent layer fails. There is four miles of pipe with gravel and it continues to hold a large amount of water.

Council Liaison Rasmussen reported that the numbers reported tonight aren't going to be a slam dunk. \$11,500,000 is invested in the golf course and we are proposing another \$1,000,000 with a negative operating income statement. It is important to make sure it is phased in. Five Council votes are needed.

George reported that the golf course business is tougher than it was; the clubhouse expansion allows us to generate an underserved market and could ultimately be the life line of the budget process and create extra revenue. Has a recovery cost been done of the Lodge? Was it smart for the City of Leawood.

Chris reported that we weren't charged with recovering capital cost; it was through the bond. A study hasn't been done but it has been successful.

Council Liaison Azeltine reported the golf course isn't charged recovering it either. It used to be an enterprise fund but now it's part of the general fund.

Council Liaison Rawlings reported that we are in the center of a new market. Clubs are closing and people don't want to travel downtown and pay thousands of dollars for a wedding reception. They want something reasonable. It makes a lot of sense and is good PR for the City to get involved if the numbers are conservative and positive.

Chair Fuller agrees. Golf has changed. The reality in our market for the past three-four years is clubs haven't been able to raise rates. It may be years before we can raise them again. This would be another source to generate money. It is a great location in the southern part of town. The area continues to develop.

Jeff reported the area continues to improve with businesses and streets and new developments. The area is increasing which aides our business.

## **V. Misc.**

Council Liaison Rasmussen reported that they will be voting Monday night on a KCPL easement. Has Jeff had a chance to ensure that the golf course isn't adversely affected by the terms and conditions of the easement.

Jeff reported that he has no other issue with the easement going in other than the long term viability or the integrity of the construction of the irrigation lake regarding the golf course water supply.

Chris reported that she agrees. This was the concern from the beginning.

Council Liaison Rasmussen asked why we are voting on it Monday night if this is a concern. We need to have terms and conditions in the easement to reflect this.

Jeff reported that they fully intend to make sure it isn't impacted but they haven't qualified or quantified it beyond that statement to ensure that they will spend the necessary money if the lake fails to return it to its normal state. Cost should be no consequence if this happens.

Council Liaison Azeltine reported that he is certain the City Attorney has reviewed this.

Chair Fuller reported that Greg Peppes will join the Committee at the next meeting. He is replacing Shaun Hickey.

Jeff reported that it circulated amongst all Department Heads. The attorney has reviewed it.

Tonia reported that Bob Reid was unable to attend tonight due to being ill and hospitalized recently. His son contacted her to report that he is looking forward to attending the next meeting.

Chair Fuller reported that all Committee members are valuable but some have very busy schedules that demand a great portion of their time, which unfortunately makes it impossible to attend.

Council Liaison Azeltine asked if Committee member absences other than Bobs are recorded. The Committee meets four times per year. He understands schedules are busy but attendance is important.

George reported that he too understands that schedules permit some from attending and he enjoys having them on the Committee and it isn't personal but some of them never attend. Will they be able to remain on the Committee if they rarely attend? It may be best for those unable to attend on a regular basis to resign.

Chair Fuller reported that this is solely the Mayors decision.

Chris reported that the Mayor receives an annual attendance report for the golf committee.

Council Liaison Rasmussen encouraged Committee members to contact the Mayor to express their concerns or to recommend a good candidate for consideration to join the Committee. She reappoints people often.

A motion was made by George Waterman to adjourn the meeting. The motion was seconded by Chuck Sipple. The meeting was adjourned at 8:33 p.m.

Respectfully submitted,

Chris Claxton, Director  
Leawood Parks and Recreation Department