

IRONHORSE
Golf Club



GOLF COURSE COMMITTEE

**Minutes of June 16, 2016
5:30 P.M. – Leawood City Hall – Maple Room**

Members attending: Dick Fuller (Chair), Mark Bodine, Tommy Davidson, Alec Weinberg, and Dr. Greg Peppes

Member absent: Leo Morton

Troon Management Staff: Troy Newport, and James Kennedy

Council Liaison attending: Jim Rawlings, and Chuck Sipple

Staff attending: Chris Claxton, and Dalnita Holland

Chair Fuller called the meeting to order at 5:53p.m.

Dr. Peppes made a motion to approve the February 18, 2016; meeting minutes. Tommy Davidson seconded the motion. The minutes were approved unanimously.

I. Council Liaison Change

Chris reported that the Mayor makes committee appointments in May. She is not sure about Lou Rasmussen's seat in terms of which committees. James Azeltine is no longer on the committee, Chuck Sipple and Jim Rawlings will be the Council Liaisons for the time being.

Dr. Peppes commented he recently played with someone who is a regular at Lions Gate; in fact lives by one of the holes. His guest was really impressed with our tee boxes, greens colors and quality of the course compared to his. Not that his course is run-down but he hadn't been to Ironhorse in a long time. Many times if you play a course regularly you take for granted how things are, until someone brings to your attention how good Ironhorse looks.

Troy thanked him for the comment. It is always great to get feedback from golfers that have played the course and notice the improvements.

Council Liaison Sipple commented he is trying to get up to speed since rejoining the board on what they have been working on. He had some questions about the previous February minutes. He asked about the memorial for Bob Reid, and was curious on what had been done?

Chair Fuller replied nothing has been done yet. He will follow up and still needs to check with the City on how to proceed.

Council Liaison Sipple commented about the inability to see at the intersection exiting from Ironhorse on to Mission Road. He spoke to Chief Rettig who informed him that there haven't been any reported accidents at that location. Council Liaison Sipple did visit the location and noticed the tree line to the south maybe adding to the problem. He suggested talking to the landowner and see if they would approve the removal of some trees. A better view from

northbound Mission Road traffic would help. He wasn't sure if anything had been tried or done before to improve the area.

Chair Fuller stated the area is Overland Park.

Troy added the probable reason there hasn't been any accident is that many go out into the turn lane to see. The utility box is right at eye level.

Chris added we have already taken out all the trees we can. The problem is a combination of utility poles and trees.

Council Liaison Sipple questioned if the dead trees at Bell and Mission Road are going to be replaced. Are we waiting to remove before replanting in the fall? They are unsightly and suggested they be taken out now.

James responded they are scheduled to be replaced.

II. Clubhouse Expansion Bid

Chris reported only receiving one bid today; it was for \$1,921,093. Excel Constructors is the name of the contractor that put in the bid. They have done work for Saint Michaels, Blue Valley North High School and the Bioscience Center. Brett Haugland from Continental made sure the paper work was in line. He thought that the \$27 million school bid that was out there today had many large contractors were probably bidding on that project.

Nine general contractors came to the pre-bid meeting. The goal was to get at least 3 bids. Scott Lambers the City Administrator came by shortly after the bid closed and directed staff to go forward and put it on the July 5th Council meeting. The concern is if we put it up for a rebid it might not get any bids at all. Excel might not bid again. She had a meeting with other directors today; one was from Lawrence, another from Fairway they both agreed that construction costs are starting to go back up and that subcontractors are slow to get numbers in to the general contractors.

Council Liaison Sipple asked has Excel done work for the City.

Chris responded that they had done work in the city but not directly for the City.

Chair Fuller commented it was disappointing to only receive one bid. It was thought some of the smaller contractors would bid and be more competitive.

Chris added the man from Excel said it is getting extremely difficult for contractors to get numbers from subcontractors, plus finding a subcontractor to work, or even calling them back for a quote. The market is changing; big projects are going on with massive apartments going up everywhere.

Council Liaison Rawlings added it is hard to get labor.

Alec stated it seems to him that at \$363 per sq. foot to build the building there must be something in the specs or in the drawings that are driving the price up. It is hard for him to fathom a 5400 square feet addition to an existing building is going to be over \$2 million. There must be a cheaper way to build.

Chair Fuller replied that Brett commented the elevated decking is more expensive; extending out and poured concrete increased the cost.

Chris added you have all of those concrete columns that will hold up the structure.

Dr. Peppes questioned would it be inappropriate behavior to have Brett check with those contractors that picked up plans and ask about why they didn't bid on the projects.

Chair Fuller added the question is; will they really respond truthfully as to the reason.

Dr. Peppes asked so you are soliciting only someone who picked up a plan.

Chris responded that Brett was going to follow up with those who picked up a plan asking them why they didn't bid on the project. One of them maybe from Harmon had told her some of the subcontractors were leery and concerned about the second time it had been bid. Brett reminded them that two years ago it was design build not a construction bid project.

Council Liaison Sipple asked if the \$1.921 million includes Continental Engineers fee of \$50,000

Chris responded the engineer estimate was \$1.8 million we are over \$2 million but within the 10%. It has been over 2 years; costs don't usually go down, only up.

Chair Fuller commented the next step is to take it to the Council.

Council Liaison Sipple asked if Mr. Lambers is ok with this. When is the scheduled start date? Is that in their bid?

Troy added October 1st with a chance of moving the manhole sewer line behind the clubhouse prior to then.

Chair Fuller stated that Joe Johnson and Brett had commented that Excel was a good and large company. Going forward they are comfortable with the company.

Alec apologized for making the following statement. He understands the money for this project is in the capital improvement program. He does not want to be negative, but this is an absurd amount of money for the end result. As a taxpayer in the city of Leawood it is almost unpalatable for him to make this kind of investment. He can't see how the golf course can ever generate sufficient revenue to pay back any of this investment. He understands they have wanted to do this for a number of years, but \$2 million is a lot of money.

Chris stated the unfortunate thing is that it wasn't able to be done in the beginning. Originally it was planned to be bigger, the money ended up being put into the golf course instead. The space has always been undersized for the operation, especially for tournaments. She doesn't make these decisions it is up to the Governing Body. She feels like it is now or never.

Dr. Peppes commented he agrees that it is a lot of money, but it is something we need to do. We have wanted to bust out of that building for years. If we would have had the forethought when it was originally approved to build it bigger than what was done. Unfortunately it didn't happen that way.

Chair Fuller stated originally it was 5,000 square feet and we wanted to double that amount. There was \$300,000 available and the decision was made to put that money into the golf course. The plan was to expand it in 3 to 5 years. Then the next 5 years came that didn't work, next five and so forth. Now it is 20+ years later.

Our experience at the course is twofold. It is limited in what can be done with tournaments and events. Look at Deer Creek; it makes more money on their clubhouse and events than

from the greens. No one wants to be in a tent outside in the heat. Parks and Recreation turns down 15 or more opportunities a week due to the lack of facility space. The clubhouse will be perfect for smaller groups of 100 to 200. The Lodge is a little too large for this size group, plus it doesn't have the availability. Economically no one likes to spend \$363 per sq. foot. Troon is limited on getting the number of tournaments in this competitive market or to make any money.

In our initial business plan the rounds were projected to be \$85 within the first 5 years; it has never gotten to \$85. Every course in town is dropping their rates. Until we lose 10 to 12 golf courses in town (and some have closed) this can't be reached in today's market.

Troy added he can bring fresh eyes to the operational perspective. The First tee and junior camp programs are out there; and while they are not huge money making programs, they grow the game initiative. It is hard to find the space. Plus, our same issues with regular outings going on with the same footprint it is really tough to do. May's revenue and financials has a missing outing that is indicative of what does occur due to the lack of space.

Chris stated another perspective is the pool or bath house. It is projected to be replaced in two years at a cost of \$1 million. We will never pay that expense back or close to that but it is necessary to take care of the facility.

Alec added after making this investment you need to be running 50,000 rounds of golf a year. A ginormous capital investment was made out there since the day it opened. If someone put a pencil to it there is already \$10 million in the golf course, and putting another \$2 million into it by updating the bunkers. We can't break even on a cash flow basis on what we are doing now. Last year had a negative cash flow.

Tommy commented the golf course is the only money maker that Leawood has. It draws a lot of people.

Chair Fuller added it does generate a lot of taxes. When Ironhorse opened there weren't many homes out there. The area has really grown, and even Overland Park has benefitted from the course. The city does provide certain service functions for its residents. The course provides an outlet of entertainment and to some degree an upscale amenity.

Dr. Peppes stated this is how it needs to be looked at. The years he has been with Parks and Recreation the money was spent for people who lived close to enjoy. There is no return on investment with the cost of maintenance and things we put in to the parks. What you get is smiles along with people who are proud to live in Leawood. It has a signature golf course, increasing the size of the clubhouse and being able to use it in the winter with different functions. At \$800,000 a year we are still providing a service for the citizens of Leawood. He can't rent out Ironwoods Lodge until the fall of 2017. This will also provide something to fall back on and utilize as needed.

Council Liaison Rawlings asked if anyone remembers the information that Jeff Thomasson reported a couple of years ago about what Troon could do to book new tournaments. What was the number compared to what they could bring in x number of new revenue. He thought it was very significant as it relates to the expansion?

Chris answered she couldn't remember, we do a lot where there isn't a payback. The fee generation it is natural to realize a payback.

Chair Fuller stated he remembers some of that information Rawlings was referring to. Deer Creek had approximately \$1.2 million in tournaments and \$2.1million in revenue could be generated by the clubhouse. It is something that has been considered.

Chris reported we run into meeting space issues with the City. It is hard to find space. The Lodge is booked out, The Stage Company has rehearsal there, the City uses it, and something is frequently going on there. The clubhouse offers an alternative, with different dynamics and the charge should reflect that.

Chair Fuller added for 2016 at the Lodge there are currently only 2 Saturdays available- Thanksgiving Weekend or Christmas Eve. Calls are now coming in for Friday nights. January and February in 2017 are booked. Many large groups needed the same Saturday in May, June and July. The key Saturdays are booked out 18 months in advance. Sometimes the Lodge is too large for 100 people it can work but really too large.

Troy commented that with a net negative development, at some point the supply and demand curve will meet better than they do now.

Chair Fuller added the reality is Sycamore Ridge is a comparable golf course and it sold for a \$1.1 or \$1.2 million dollars

Troy stated is not a usual story that courses aren't worth much money. We are in our 10th or 12th year nationwide of negative development where more holes have closed instead of opened. Dynamic pricing has helped by getting some rounds to \$80.

Chair Fuller added he can't image rounds consistently being \$85 in the future.

Council Liaison Sipple asked Troy how many courses Troon manages. How many are in the black? Compared to what we have in Leawood?

Troy responded he doesn't have that information in front of him. Maybe a150 facilities with 18 holes, it has grown more on the private side. Some resort types are back that were lost when things were really difficult. Courses can be owned by municipalities, others by different tribal entities, or private. Most are not profitable, but are trying their best to breakeven.

Council Liaison Sipple asked if Troon thinks that this expansion will make a positive difference in their profit and loss.

Troy responded in the past the argument of Jeff's thought is that the combination of the events that they are good at managing can definitely increase. They had an event booked for May but the indoor space was problematic and they went somewhere else. Being able to do events unrelated to golf will support the golf events, especially since there is little overlap.

Any consultant would question about the size of the venue, and how it affects your outings; plus it limits you on how you do your daily business. They would also wonder what you are doing about it.

Council Liaison Rawlings asked are statistics kept on people inquiring about the Lodge. Is there any indication how many are being turned away or if those could have been moved to Ironhorse Clubhouse?

Chris answered the staff keeps track of the groups under 250 that we are not able to accommodate. There isn't a need to watch larger groups closely because we do not have a possible place to refer. If the Lodge wasn't available we would tell them about another great

facility less than a mile away. If it is in their price range it should be an easy sell. Packets would be ready with contact information and manager's name.

Chair Fuller added Saturdays are gone even in the wintertime.

Council Liaison Rawlings commented he shares Alec's concern about the cost, wondering "if they build it they will come". Do you think we can get daytime corporate group events?

Chris responded the Lodge cost \$1.2 million to build, it has not slowed down and our corporate events during the week has been increasing.

Chair Fuller stated when the Lodge was built they agreed that patrons could bring in their own food and drinks. Ironhorse will be more of a turnkey event being able to provide most food and all drinks. We can book the number of people, or opportunity of daytime corporate events. Many people from Leawood don't even know that the Lodge exists.

Chris added even today a 40 person tournament came in and it was crowded. The Chamber events are wall to wall when hosted at Ironhorse.

Troy commented the banquet business does have a different profitably line than golf. It is one shot, cost is targeted to labor, plus managing the food and beverage. He was impressed with the areas hourly rates and what the Lodge is getting.

Chair Fuller stated general speaking every reception is around \$4000 and that is just for the space. The last 4 years it keeps gravitating to weddings and receptions.

III. Operations Report

Troy reported he and James will go over the high points and answer questions:

- The month of May had more actual green fees and driving range business than in 2015
- Course had 4 rainouts due 2 inches of rain or more
- Several expenses hit in May 2016 compared to June 2015
 - a. Liability insurance of \$4442 hit in May instead of June
 - b. Large expenses for expendable piece not a capitalized item, large kitchen item and driving range ball dispenser total about \$8,000 combined.
 - c. Professional dues were paid last late year in June, but this year paid on time in May
 - d. Relocation and travel expenses of new General Manager
- Overall payroll was flat compared to 2015, higher in maintenance; they were able to take advantage of good weather. Balanced out having one less person in golf store.
- We now recognize Triple Crown Revenue when it is received. Figures will be comparable on a year-to-year basis after the close of June 2016 financials.

Chair Fuller asked are we still selling passes.

Troy responded yes. Now they will be prorated. It is simpler from an administrative position to keep everyone at the same renewal time.

Alec asked do you track how often a Triple Crown player plays during the week

Chris added at one time you could track that through the software system.

Council Liaison Sipple asked how many round does a Triple Crown Member need to play to breakeven. Is it about 70?

Troy responded it is about 50.

Troy continued reporting

- e. 73 triple crown passes sold this year, 67 last year
- f. Facebook adverting has a very low cost of \$5 a day. It uses algorithms to give golfers pop-ups to drive them to our website and book tee times.
- g. Email marketing going on now. Our value-add is: Monday and Wednesday, \$44 round, free glove and cart golf cart. Need to show email or can print out, must be present to use. Will change and hit our soft days.
- h. Grow the Game initiative: 28 participating in Women's League on Wednesday Night coordinated by Whitney.
- i. Monday junior league wants to make facility accessible to as many as they can
- j. Golf camp and first tee using the Par 3 course is something to be proud of.

Council Sipple commented is looks like the pro shop revenue is down from last year.

Troy responded the outing that we didn't get this year spent \$6,000 in merchandise last year. Footprints and Fairway outing and was rained out last month, but it is being moved to a different month.

There was too much inventory and it was not turning it over fast enough in the past. Now we have a handle on the open buying plan.

Council Liaison Sipple asked does that mean it will go on the sales rack where the margins go way down.

Council Liaison Rawlings asked how the golf shop prices compares to Scheels.

Troy answered it is definitely in line and comparable.

Dr. Peppes added if it is selling for a comparable price, he might as well give the money to Ironhorse.

Alec asked about if there was a music policy at Ironhorse. He was recently out of town playing. It was really disruptive it was the only time it has occurred. Have you thought of having one?

Troy added some are even playing music on the driving range.

Dr. Peppes we play a turtle in the cart or when you are close to the cart. It syncs up to the iPhone. When waiting in a tournament it is light entertainment.

Troy commented he is very traditional, the game is changing. Some golfers are on their phone.

Chair Fuller said that you see them on the driving range talking on the cell phones too.

Tommy reported in Arizona some of the score cards have printed: hats faced forward, turn off cell phones, before you tee off.

Council Liaison Sipple stated many Country Clubs in Kansas City have those same rules however, it is important to accommodate millennials

IV. Course Maintenance/Project Report

- March: put in test bunker, sand and specs for current project
- New template traffic where there has been issues, back 9.
- April: purchased driving range screen when time allows we will replace
- New First Tee Ironhorse signs have been installed

Chris asked going back to the screen- how many man hours will it take to install the screen. She is concerned about a possible liability with some of the holes being so large.

James responded it would take approximately 2 days and 4 guys to install. The time it came in the grass was really growing.

Council Liaison Sipple asked if any cars have been hit.

Chair Fuller said that a lot of women walk along that sidewalk.

Troy responded that the height of the fence would not keep a car from being hit.

- k. Directional signs were painted with new templates; numbers and arrows directing traffic where we have had issues on #4; on the back nine, 13, 14 & 16- painted the cart path to get traffic flowing in the right direction.
- l. End of April was the 1st and only flood so far this year
- m. May- the heads were moved on the practice facility to improve the quality of the turf around the chipping green. Also added 4 new sprinkler heads.
- n. More space for practicing rough and fairway shots and the new area looks much nicer with turf instead of mulch.
- o. Front entrance - worked with Parks and Recreation on redoing landscape flower beds
- p. End of May - had tree storm damage, between 4 & 8. Lost half of oak tree by putting green and it was taken out.

Alec asked when a tree is lost do you replant something.

James responded it depends. The ones lost will not be missed where they were located. A couple on 8 had been on the removal list.

Council Liaison Sipple asked if any ash trees are affected by disease.

Chris commented that Dustin and Brian came out and included those trees on their city check list.

James said some trees will be marked for removal on 7 and some on 10, as well. The majority are ash and may need to be removed or treated. The ones removed on 7 were very small, and not of great quality.

He plans to receive bids for the bunker renovation project at 2:00 pm on June 21st. He brought the previous information from last meeting if anyone has questions. The liner will be Arkansas sand, comparable to bunker on 5 and the practice course.

Chair Fuller asked if the sand is like at Sycamore Ridge. He likes the way the bunkers were trimmed down, not a lot of edges, it was really soft.

James responded they removed a lot of square footage. On our spec sheet we are going from 47,000 sq. ft. to 39,000 sq. ft. Still reducing the bunkers on 9, 10, and 14

Alec asked James do we have a sign that is going to be put up by 18 to let golfers know about the repairs.

James answered the sign is being painted. Many projects have been completed this spring. He has a good team.

Council Liaison Sipple stated he has played a couple hundred times and has never seen anyone play on the west side of the tree by number 9 before the dogwood. Is there long term plans for that area? It looks beautiful, but seems like a wide open spot.

James responded that he does see people playing behind the tree. They have had discussion when talking about the bunker.

Dr. Peppes added he has seen other playing in the area this Saturday.

James stated he doesn't disagree once the bunkers are done he would like to reseed on the hillside. It is very helpful for the rough to a degree to exit there on the zoysia. It does block out, or gives a backdrop in the blocking out of the homes especially from the tee view.

V. Misc.

Chris reported the golf carts go through fall 2017. They will be ordered then and delivered in the spring of 2018.

Chair Fuller stated he wanted to acknowledge all that Lou Rasmussen, former Leawood Councilman, had done for the golf course. To say he was an advocate is putting it mildly. He was always there when needed, and very receptive to what we were doing or trying to do. It was indicative how important a council liaison can be. He was the eyes and ears for this committee. At council meetings, he was able to explain what we had discussed so they could understand. He was a bastion of the Council and his knowledge was unbelievable. Lou was very important in the development and success of Ironhorse. It is unfortunate he had to resign from the Council.

Council Liaison Sipple added Lou was given a 25 year pin at this year's Employee Luncheon.

Council Liaison Rawlings added Lou will be recognized Monday at the Council Meeting. The Mayor will give Lou a Key to the City.

A motion was made by Mark Bodine to adjourn the meeting. The motion was seconded by Tommy Morton. The meeting was adjourned at 7:13 p.m.

Respectfully submitted,

Chris Claxton, Director
Parks and Recreation Department