

Minutes for
Work Session
March 29, 2011
7:00 p.m.

Those present: Mayor Kenneth Romney, Dave Tovey, John Baza, James Bruhn, Valerie Shaw, Mark Preece, Craig Howe, Heidi Voordeckers, Ben White, Chief Randy Lloyd, Paul Bergantz, Mike Bicker.

Meeting called to order by Mayor Romney at 7:08 p.m.

1. Golf Course History

A. Bonding for Back 9, Feasibility Study

Heidi provided copies of an old feasibility study that had been done when the city was planning the golf course. At the time of the study, it was determined a new golf course in Davis County would be profitable. The cost to the city was \$2.9 million for purchase of the land and improvements. To fund the project, they chose to do a general obligation bond because it had the best rates. Two sources of funding the bond were to be golf course revenue and general fund support.

2. Golf Course Budget History – Powerpoint

A. Operating Income vs. Net Income

Heidi provided several charts showing the financial history of the golf course. Operationally, the golf course has been running cash positive except for the debt service. For the years 1995 to 2010, the golf course shows positive revenue except for one year. There is a net loss of \$64,000, but a portion is paying off the bond. Between 2005 and 2006 there was a big hike in expenses, and in 2008 and 2009 expenses went down because two retired employees were not replaced

B. Comparison to other courses

Heidi provided a chart that showed financial figures from the other golf courses in the area: Rose Park, Eaglewood, Bountiful Ledge, and Lakeside. Lakeside is the only one with a positive operating income.

C. Current budget concerns

The main concerns currently are that the golf course is 3 years out in paying back the bond. Additionally the golf course has been subsidized by the city, and they need to get on a schedule to pay that back.

Paul Bergantz said that they could maintain the golf course on \$50,000 per year. After the bond is paid off, they can give \$100,000 to \$150,000 to the city. Mayor Romney asked him to put together a new equipment schedule and improvement schedule for the next 10 to 20 years. 20-year plans have been done for the water and streets funds, and since the golf course is also a separate fund, it is important they do a plan for the golf course as well.

In the past two years, the playership has decreased, resulting in decreased revenue, even though they raised the rates. When asked if the decrease was due to the increase in rates, Mike Bicker stated it was more likely the current economy caused the trend. All golf courses

have suffered. Another factor has been that in the past two years, there have been more rainy/wet days than in previous years. In making a budget for the golf course, there is always the problem that they cannot predict the weather.

3. Golf Course Cost vs. Value

Part of the budget plan for the next fiscal year involves a property tax hike. When any such rate or tax hike is proposed, citizens ask the city to look for places to cut back, and a question of the value of the golf course always comes up. In order to meet these questions with good facts, Ben did some research as to selling the golf course. He then provided a memo to the council with his findings. He presented various scenarios: selling the golf course; leasing the golf course; selling the land for housing. None of these scenarios would provide the city much revenue. Providing service for housing would cost the city more than maintaining the golf course. The market is down for golf courses, so it would be difficult to sell for any significant amount. Leasing would eliminate the expenses of running the course, but there would be no income, and the city would still have to pay the bond.

Mayor Romney, referring to Ben's memo, stated that it seems the golf course is an asset to the city, and the wisest financial decision is to keep the course but manage it very carefully, especially until the bond is paid off. Mike Bicker pointed out that most of the players come from outside the city; West Bountiful players only make up 5% of the revenue from golf fees. Without including the debt service, the course has always been profitable even when other golf courses lost money.

Valerie suggested they make the golf course history spreadsheet available for citizens, as it will show them the profitability of the golf course.

4. FY 2012 Golf Budget Line Item review

Heidi addressed questions about the line by line budget worksheet.

- Paul said he is concerned about the fuel bill. He has requested \$24,000, up from \$22,000 actual, but is afraid that may not be enough. Hopefully that can be addressed next spring.
- Salaries and wages – the full time budget is down to \$71,000 from \$127,000, due to the retirement of two employees. One of the retirees is still working part time for \$20,000, and there is not enough in the part time budget to cover that expense. Heidi asked if he could take winters off, to which Paul said they have needed him this winter to work on extra projects. He may be able to take the winter months off next year because they will have fewer projects. Heidi stated she will be making some changes with salary and health insurance. She will look at revenue figures again and make some adjustments.
- Paul also mentioned he is paying more for fertilizer and seed than before. He has been using cheaper fertilizer and has to fertilize more often; every two weeks. Even so, he is saving money.
- Valerie asked about the \$1,000 for fencing repairs. Paul said Holly Oil has donated some of their old chain link fencing, but they need to get posts. He is also requesting \$1,000 for sprinkler repairs, which buys ten new sprinklers. The Weber water clogs the sprinklers so they do not go flush with the ground after they are turned off, and the mowers knock them out if the operator doesn't see them.
- Paul had asked for \$6,000 for capital equipment – he is trying to get some new mowers. Heidi stated it had been cut, but the goal is to get the capital equipment budget to where they can replace one mower each year. In the meantime, she said if a mower cannot be fixed, they can open the budget at that time.

There will be another work session before the City Council meeting next week.

8:20 pm.

5. Closed meeting, if necessary, for reasons allowed by State Law.

MOTION: James Bruhn moved to go to a closed session.

SECOND: Mark Preece seconded the Motion.

PASSED: All in favor.

MOTION: James Bruhn moved to adjourn the closed session.

SECOND: Dave Tovey seconded the Motion.

PASSED: All in favor.

6. Adjournment – 9:25 pm

MOTION: Dave Tovey moved to adjourn the work session.

SECOND: Valerie Shaw seconded the Motion.

PASSED: All in favor.


MAYOR KENNETH ROMNEY


HEIDI VOORDECKERS (CITY RECORDER)



NATHALIE ELLINGFON (SECRETARY)