

Minutes for
Work Session
November 1, 2011
6:30 p.m.

Those present:

City Council – Mayor Kenneth Romney, Dave Tovey, Mark Preece, James Bruhn. John Baza. Valerie Shaw was excused.

Staff – Ben White, Heidi Voordeckers, Craig Howe, Steve Doxey

Meeting called to order by Mayor Romney at 6:30 p.m.

1. Discussion on Golf Course Loan and Repayment Schedule.

Heidi Voordeckers had prepared a recommendation spreadsheet for the council to reference. She and Dave Tovey spent some time tracking the golf course revenue and expenses over the last 15 years. In 2007, several transactions, including the buy-out of golf carts and establishing the golf course checking account, created a large deficit in the Golf Course cash allocation. They have struggled with a negative cash balance ever since. In the past, the auditors moved money to fix the balances each year, but the new auditors want the loan to be approved by resolution from now on.

Tim Rees – There are only a few funds from which loans can be made to fund the golf course. Mayor Romney asked what items were included to come up with the cost of the golf course. The biggest item is the bond interest, and then there are salaries, utilities, etc. Depreciation is figured in but does not impact cash. There will be two more bond payments of \$225,000 each, including interest. The recommendations are conservative.

2. Golf Course Management Options

Mayor Romney – once the bond payments are made, the goal will be to operate the golf course without any subsidies. They will need to stabilize the up-and-down costs. One way to accomplish this is to make changes in management, which they have been working on the past couple of months. They no longer have a golf pro position, and they are going to fill hours with part time seasonal positions. They are keeping an assistant golf pro. The Golf Course Superintendent is being replaced with the Green Space Supervisor. These changes, according to Craig Howe, will make \$125,000 in savings.

Craig indicated the new management understands that the financial growth of the golf course is up to them. Mayor Romney stated that with the new management plan they should be able to double the amounts shown on the spreadsheet. They will use 15% of the gross annual golf course revenues to pay the bonds. If they are short, Heidi explained the amount should be small enough that the General Fund could support it, but they can also take further measures to reduce expenses. The Mayor wants to get a golf board together again.

Mayor Romney spoke with a golf course management company, Vanguard. They operate five courses, which they have acquired either from bankrupt companies or from cities that can no longer afford to operate them. If they took over management of the golf course, they would pay 2% of gross revenues in years one, two and three. Vanguard would not be responsible for the bond.

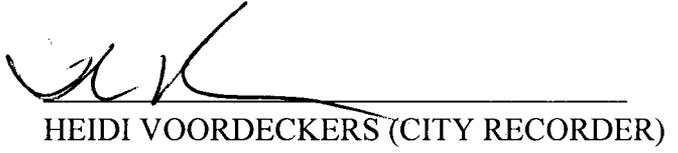
Vanguard is a reputable company, and when they came to look at the golf course, they stated it was in very good condition and they found the equipment to be in better repair than they expected. An advantage to using Vanguard is that the golf course can tag onto their marketing. Vanguard usually starts out with higher green fees and then offers various types of discounts.

Mayor Romney was of the opinion that with setting up a golf board and making good decisions like the ones already discussed, they can manage the golf course and realize more profit than if they turned over management to Vanguard. He stated that with the new management plan they should be able to double the amounts shown on the spreadsheet. The other council members present expressed agreement.

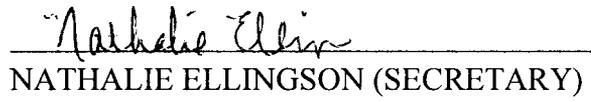
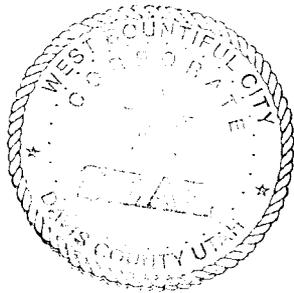
3. 7:28 pm Adjourn to Council Meeting.



MAYOR KENNETH ROMNEY



HEIDI VOORDECKERS (CITY RECORDER)



NATHALIE ELLINGSON (SECRETARY)