

Mayor David Sims called the Special Council/Golf Committee meeting of September 10, 2018 to order at 5:00 pm. Present for the meeting were: Council President Rick Alonzo, Council Members Adam Arthur, Valerie Thompson and Ron Smith. Golf Committee Members present were: Brion Poston, Dick Staples, Steve Nelson, Gerry Ann Howlett and Linda Hiatt. Also present were: Mike Stevens, Melayne Stevens, John Youngwirth, Tom Mayo, Jerry Higgs, Julie Williams, Ralph Lotspeich, Art Fontanes, Police Chief Brian Zimmerman and Clerk/Treasurer Christine McNair.

Mayor Sims said that he and Lisa Ailport met with the Golf Committee in June 2018 to discuss the budget. During that meeting Mayor Sims told the Golf Committee it was going to be difficult to fund any capital project in the general fund for fiscal year 2019. He also asked the Golf Committee to help make the golf course self-supporting.

Mayor Sims showed a power point. He said the general fund is mostly supported by taxes and the enterprise funds are completely supported by fees. Mayor Sims said the general fund reserve has been low in the past and the City is trying to increase the reserve in case of an emergency and still have enough cash flow to operate. From 2000-2009 the golf course had not had a deficit. In the last eight years, four years have had a deficit. The margin in 2000 was 26% and the last five years it has been 14% that is why the City is having a hard time with the budget at the golf course. Mayor Sims divided the revenue by the cost of a round of 18 holes, to get an idea of how many rounds were being sold, then he normalized it back to 2003. He said that the rounds of play based on his equation are dropping. The current play is about 60% - 65% of the play that happened in 2003. If play was increased to the same amount of play in 2003, the income will be 50% higher. Most expenses at the golf course are fixed and in order to repair the golf course the way everyone wants, play has to increase. Julie Williams asked why the Mayor did not ask the number of rounds played. She said that is part of the accounting. The golf committee was shown the ordinance that sets forth their duties and asked the committee to focus on (C) the promotion and improvement of the golf course, (F) procedures and methods for making the golf course self-supporting. Mayor Sims said about 20% of capital expenses have been spent at the golf course over the last four years. Mayor Sims said in past years, the amount of water used for irrigation of the parks has been reduced and the snow plowing policy has been changed to help meet budget constraints. He does not remember the golf course being asked to reduce anything. Mayor Sims presented a letter from ITD requesting \$78,803.89 for the visitor's center building, be paid by the end of September. This will have a large effect on the general fund. Lisa read the letter. Mayor Sims said until this issue has been resolved, every expenditure for the general fund needs to be looked at closely. Mayor Sims said the golf manager's contract states the operator shall be responsible for any on-going marketing, promotion of play at the course. Mayor Sims stated figuring out how to market the course is somewhat of a challenge. Mayor Sims said he, Lisa and Dennis have come up with a number of ideas that they want to speak with Ralph and the golf committee about.

Ron said he went to the golf course to see the repairs that need to be made. He wants to go out for bids to have the cart paths repaired and the deck rebuilt. Ron said that the golf course is able to increase revenue, the fire department and the street department cannot.

The police department has the ability to increase revenue with fine money. Ron said volunteer time can be used as match funds for a grant.

Mayor Sims said the \$20,000 to repair the deck reduced the carryforward amount for FY2019. Brion Poston said he estimated the expenses through the end of September at \$105,570. Mayor Sims said it is a guess what the expenses will be through the end of September. The actual expenses and revenues will not be known until the year has been closed, which is around the middle of November. Brion asked if the golf course is able to carry any remaining budget forward. Mayor Sims said it is not a separate carry forward, it is for the whole general fund. Brion asked where the money will come from to replace the water system, which is failing and may cost \$250,000. Mayor Sims said the rest of the general fund budgets will have to be reduced to pay for it.

Valerie Thompson said when the budget came to Council, it was expressed that the deck repair was the most important. If that is not the priority, the other repairs need to be discussed. Valerie said there are no capital funds for any general fund department in the FY2019 budget.

Brion Poston said there is money left over in the FY2018 budget and the cart paths need to be repaired. Mayor Sims said there isn't any extra money in this years' budget. Brion said the golf course pays its' way. Mayor Sims said it largely does.

Mayor Sims said making the golf course an enterprise fund is something to consider in the future. Mayor Sims said by making the golf course an enterprise fund it will add approximately \$5,000 – \$10,000 a year to the golf course budget. Brion Poston said the golf cart shed lease money was not in the budget. Mayor Sims showed Brion a budget printout that showed the line item.

Rick Alonzo said since the golf committee was not involved in the budget process prior to this year, there are some areas of the process that are not clear. He thinks it is a good idea for the golf committee to be involved from the start of the budget process.

Adam Arthur said he also thought the deck was the priority. He is interested in looking at other projects.

Steve Nelson said the deck is very important to the club house. The golf committee was asked to increase revenue. Repairing the cart paths and increasing green fees and golf shed lease fees are a few ways to revenue. The golf committee has done what was asked of them. Steve thinks this meeting was a good idea, but the way it happened was not how it should have happened. Mayor Sims said he wants the golf committee to understand the budget situation. Steve said it sounds like it does not matter how much money the golf course makes, above their budget, because the excess goes into the general fund to help fund the other departments. Mayor Sims there have been years when the other general fund departments have helped fund the golf course. Steve said the equipment that needs to be repaired should be repaired on a schedule, instead of waiting for a crisis, before repairing or replacing equipment. Mayor Sims agreed. Mayor Sims said every general fund department needs new/newer equipment, but there is no money for capital improvements.

Lisa said when new equipment is purchased, it is made to last as long as possible. The City is looking at areas where in-fill can occur, to help with some of the expenses. Also, if fee generation is possible, that will also help cover expenses. Mayor Sims said that is a long term fix. John Youngwirth said he has heard the same thing every year from every Council, "it's not a good year, there isn't any money." Lisa said she is working on new ways to fix the problems, but the results may not happen for 20 years.

Mayor Sims said until the invoice for \$78,803.89 from ITD is settled, he does not want to spend any money.

Steve Nelson asked if it wise for the City not to be involved in the marketing of the golf course. Steve hopes that the Council is promoting the golf course when they go to trainings and meetings.

Rick said the golf course is part of the City and he will do whatever he can to make the golf course succeed. He said sometimes it takes creative thinking to make things happen. Rick said when the logging was done at the golf course, it was to help improve exposure of the course and ITD said no, because it would destabilize the hill. Brion said the trees can be limbed. Mayor Sims said ITD is agreeable to limbing the trees.

Valerie Thompson was surprised at the feeling of friction from the golf committee. Valerie asked if there is something the Council can do to show that they support the golf course. Steve Nelson said meeting face to face is a good step. Mayor Sims said there needs to be more communication from the golf committee. There is now a spot on the Council agenda for a report from the golf committee. Steve Nelson does not feel there is any animosity towards the Council. He said there were many rumors considering several changes at the golf course. Mayor Sims said he and Mike Klaus met with Ralph earlier this year and discussed the structure of his contract. One item discussed was having a City employee maintaining the equipment. One question is, how do you operate the golf course more efficiently. Steve said Ralph and Julie have spent many hours working on the water system, which is infrastructure and should have been done by the City. Mayor Sims said that is part of the problem with the contract, it does not clearly state what the operator is responsible for and what the City is responsible for. Mayor Sims said looking at the contract and what will work for the operator and for the City makes sense. The main reason for the meeting he and Mike Klaus had with Ralph was to look at different options for operating the golf course. Steve said running and maintaining the golf course could easily be two different jobs.

Valerie Thompson said there is a difference between cutting a budget and not passing the proposed capital in a budget are completely different.

Mayor Sims said when he or staff talks with the golf committee or Ralph, it is with the best of intentions in mind.

Lisa told the golf committee, when she first met with them was: they are an extension of the City. She is hopeful that if there is a misunderstanding or rumors that the golf committee will ask a staff member or a council member to find out the validity of the rumor.

Ralph said his goal is to make the golf course the best that it can be. Ralph said he maintains the equipment the best he can. His goal is to make as much money as possible. The golf course operates with a skeleton crew. There are many things the golf course needs, but the City cannot afford them. Ralph said when it was said that his goals do not align with the City's that is not true. Mayor Sims said he does not doubt that Ralph has good intentions. Mayor Sims wants to restructure the contract so it is better for both parties and well defined. Julie Williams find it offensive when it is said that Ralph's interests do not align with the City's. She also finds it offensive when he does not maintain equipment. She also finds it offensive that the power point presented by Mayor Sims is based on faulty numbers and speculation, when it can be based on real numbers. Julie said the length of the season is a major factor that is not being considered in the equation.

Art Fontanes said he wants the Council to imagine that the golf course does not exist and the income from the golf course is gone. He feels the City should be contributing to the marketing of the golf course. Mayor Sims said it is in Ralph's contract that Ralph is responsible for marketing the golf course. Art Fontanes asked, if the City loses the golf course what will happen to the City budget. Mayor Sims said Council has spent \$50,000 above the revenues generated for the last ten years. Art Fontanes said he is disappointed that the Council does not seem supportive of the golf course. Mayor Sims said the Council has to be good stewards of all the departments, not just the golf course.

Dick Staples said this meeting date was set, so the golf committee could discuss the repairs that need to be made, so a report could be presented to Council. Mayor Sims said not to worry about getting the repairs done by the end of September.

Steve Nelson said the committee was give two options to replace the deck, concrete or lumber. Steve wants to be able to get bids and discuss other options. Steve asked if the \$20,000 includes City labor. Lisa said it does not include labor that is the estimated cost of materials only. Dick said the committee was given a number, but details are needed to consider the options. Steve asked if there are specifications that have to be considered for a commercial deck. Lisa said staff was looking for direction as to what kind of deck the committee recommends. She said the \$20,000 was for materials only. Lisa said once a formal recommendation has been presented, then a design can be created.

John Youngwirth asked why Council does not approve up to \$20,000, even though Council is concerned about the ITD letter. Mayor Sims said that is an option.

Brion said he feels a concrete deck is better. If a roof wants to be added later it can be, if the deck is wood, then a roof could not be added. Linda moved to recommend a concrete foundation. Steve seconded the motion. The motion passed with all in favor.

Meeting adjourned at 6:43 pm.