



# The Town of Barnstable

## Office of Community Services

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|   |              |                                 |              |
|---|--------------|---------------------------------|--------------|
| Barnstable Golf (Olde Barnstable Fairgrounds and Hyannis Golf Course) | 508-362-2606 | Marine & Environmental Affairs: | 508-790-6272 |
| Hyannis Youth & Community Center:                                     | 508-790-6345 | Senior Services:                | 508-862-4750 |
| Recreation:   | 508-790-6345 | Veteran's Service:              | 508-778-8740 |
|   |              | Youth Services :                | 508-790-6345 |

### Golf Committee Meeting

#### Minutes

Tuesday

July 10, 2012

|                              |                |
|------------------------------|----------------|
| <b>Dave Miller- Chairman</b> | <b>Present</b> |
| <b>Mary Creighton</b>        | <b>Present</b> |
| <b>Richard Aliberti</b>      | <b>Present</b> |
| <b>Dan Ginther</b>           | <b>Present</b> |
| <b>Terry Duenas</b>          | <b>Present</b> |
| <b>Geoff Converse</b>        | <b>Present</b> |
| <b>Nancy Beauchamp</b>       | <b>Present</b> |
| <b>John Norman – Liaison</b> | <b>Absent</b>  |

Also present were, Lynne Poyant – Director of Community Services, Bruce McIntyre – Director of Golf Operations, Merry Holway – Head Golf Pro, Chris White – Assistant Superintendent, James Bentley - Assistant Superintendent, Norman Greer – Golf Professional, Jim Kinsella from Barnstable Enterprise and Carol Puckett – Administrative Assistant.

Meeting opens at 5:30 PM.

#### **Roll Call**

Everyone is present.

#### **Act on minutes from June meeting.**

Richard Aliberti wants to correct an amount quoted under the Junior Program which should read \$1200 was allocated over three years and not \$400.

Motion is made by Mary Creighton and seconded by Geoff Converse to accept minutes as amended.

Vote:

AYE: Dave Miller, Mary Creighton, Richard Aliberti, Dan Ginther, Geoff Converse, Nancy Beauchamp

NAY: None

Abstained: Terry Duenas as he was not present at the June meeting.

## **Opening Public Comments**

No one speaks

## **Discussion with Mark Milne**

Mark Milne – Director of Finance is here. Dave Miller indicates that Mr. Milne is here to give a refresher course on the workings of the enterprise account after which they will then discuss the needs for the golf course.

Mark Milne gives handouts which include some notes on background information on the enterprise account and specifically, the golf course operation and how they fund the capital program. He indicates that the enterprise fund is an accounting tool. One of the advantages of the account is that it allows them to separate their activity with that of municipal services by keeping a separate ledger to track that operation from the general fund. This in turn gives them a clearer picture as they can produce a balance sheet which they cannot do for a non-enterprise account. He indicates that the enterprise funds can be used for utilities, health care, recreation and transportation and that the golf course would fall in the recreational topic. Another advantage is that it allows them to identify the cost of those services which provides management with useful information for setting user fees based on anticipated activity levels. Another advantage is that it allows for the retention of surplus and investment income on cash balances it has which cannot be done for non-enterprise funds. One misconception many people have is that they believe the enterprise fund has to be self-sufficient. He indicates that it is a policy decision only and not required by law. They can receive general fund subsidy. Enterprise fund operations can be billed from indirect cost from part of the general funds budget. The biggest cost that the enterprise fund has, which is part of the general fund budget, is the retirement system. He gives examples of other accounts in the general fund and that more information is available in the manual.

As for the operational side, Mr. Milne indicates that the handout has a 6 year history of revenue for fiscal year starting in 2007 which is the year they acquired the Hyannis golf course which was a partial year operation. In 2008, they peaked at 3.25 million in total revenue for the two courses. They have since been in a steady decline. There has been a drop in rounds played which has corresponded with the revenue which they have been able to generate. He then points out the history of debt service. In 2008, they added the loan for the Hyannis golf course acquisition which, a majority of which, was paid for by CPA funds and a general fund bond issue. He indicates that the debt service has declined to the point between 2010 and 2011 where the significant reduction was because of the expiration of the Old Barnstable Fairgrounds bond. He indicates that this is where they were hoping to do another major investment in a capital program, the golf courses, but corresponding, there was a reduction in revenue which didn't allow them to do that. He indicates that they have been hampered by the economy and that recreational activities are discretionary for some people.

Dave Miller indicates that he wasn't aware that they received additional funding. Mark Milne indicates that at one point in time they were required to pay off the balance that was owed at the Old Barnstable Fairgrounds which was land that was provided to construct this golf course. Then a few years ago the Department of Revenue (DOR) required them to pay off that loan early. The golf course didn't have enough cash to pay it off; therefore, they had to gift a portion of that charge that was assessed for the land.

Dave Miller asks if in addition to the debt service, if the land bank is also being charged for future years. Mr. Milne indicates that the Community Preservation Fund is paying a portion of that on a yearly basis. Dave Miller asks if Hyannis Golf Course is responsible for paying back to the land bank. Mr. Milne indicates that they are not but all that Hyannis is responsible for is their share of a 3.9 million bond issue which expires in fiscal year 2025. Mr. Milne indicates that in addition, that debt service includes a \$550,000 capital equipment investment to acquire equipment when they bought the course to maintain itself.

Mary Creighton asks about the general funds subsidy which was gifted, and asks if they are gifts, or are they a loan? Mr. Milne indicates that the land bank and the general fund share in the acquisition cost of the Hyannis golf course and are paying their share directly back to the bond holders. Mary then asks if the golf course has to pay the town back for the expedited payment which was made to DOR. Mr. Milne indicates no.

### **Financial Needs**

Dave Miller reads the history from the handout and indicates that the two courses are in tremendous shape but there are some problems in peripheral areas. He indicates there were 68,000 rounds of golf played last year. As for the major areas and why they are focusing on Hyannis, the severity of the bunker problem cannot be addressed by the local crew or fixed by normal budgeting. They have had a loss of outings and players who will not play there anymore because of the bunkers.

Dave Miller indicates that James Bentley's crew is getting the course into shape but that the bunkers are in a bed of rock. Bruce McIntyre indicates that the infrastructure of the Hyannis golf course has been let go for awhile and that this type of work will not solve the problem. Dave indicates that somewhere in the future they would like to do upgrades at the Hyannis course in order to try to make Hyannis a focus area for outside play in order to increase revenue. They would like to make this facility an attractive function destination. Bruce indicates that they do golf outings as well as weddings, parties and business meetings. He indicates that there is a lot of traffic in and out of that clubhouse but, given its age and state of the building, roofs, carpeting and the pro shop are outdated. He believes that the Hyannis golf course should be a destination location but that it needs work to bring it to today's standards. Bruce then shows pictures of the bunker on the second hole and explains that it is  $\frac{1}{4}$  size of what it use to be and that the entire banking above the bunker does not have grass on its face. Bruce then shows the bunker on the 4<sup>th</sup> hole which he indicates is in atrocious condition and that everything in the foreground would be erased and rebuilt. Next, he shows the bunker on the 5<sup>th</sup> hole and points out rocks which wreak havoc on the equipment and that Hyannis is mostly rocks. He indicates that in order to do it right, liners would be needed to keep the sand where they want it. He suggests a site visit. He also indicates that the cart paths are also in need of repair. The 9<sup>th</sup> hole shows a decent bunker. Next photo is the 6<sup>th</sup> green which is a new bunker to which sand was added. Bruce indicates that the equipment sharing between both courses is also a problem. He talks about the tees not being level and in need of work.

Dave Miller reads the immediate needs/cost estimates and that one thing that is missing is the irrigation system at Hyannis. Bruce indicates that the irrigation at Hyannis had a well replacement which, if they were to lose, would make for a very strenuous situation in keeping these courses up and running. Bruce indicates that irrigation is expensive and averages between one and two million dollars.

Dave Miller then reads the benefits of improvement and possible funding alternatives. Dave indicates that support from DPW for the cart paths, bunker repair and leveling of greens would be a possible solution.

Mr. Milne speaks about the methods of financing and that various alternatives would be to reduce costs spent in other areas. He doesn't think they can cut back anymore in operating costs. Other options would be increase in user charges and is not sure as this could result in loss of memberships, etc.

Dave Miller indicates that marketing could help if the course was improved. Mr. Milne indicates that a general fund contribution could be possible but that they would have to answer to the decision makers as to how golf would benefit the community. Mr. Milne talks about the first tee program which could transcend and justify some general fund support and help support future users. Bruce thinks that the first tee program is bringing in parents and young adults who are the future users and that several high schools play at the Hyannis course. Mr. Milne indicates that one question is how is it going to rank in the priorities of the town's needs, He explains that if they can show it will be an investment and an asset, and if they can demonstrate that there will be more play and tournaments resulting in higher revenues back to where they were five years ago, then it could be looked at as an investment and

not an expense. Also, a tool he uses is to calculate what the indirect cost charged would be which includes staff support, insurance costs, etc. If they were to make an investment like this they might be able to get the golf course to a point where they can pay 100% of what their costs are which could be looked at as a positive thing. Mr. Milne indicates that there are a lot of options for general fund subsidy such as an increase in the tax levy but which would need a one time vote by the public. Also, a debt exclusion vote which authorizes the community to issue a bond would require it be paid over years which would add a small amount yearly to the tax levy which would be less of an impact. Another option is to get funding from the general fund, within its existing property tax limitations, and not have to ask for a vote but for a capital exclusion which would mean that this investment would have to rank higher than other projects. Mr. Milne then gives other options and examples of funding possibilities.

Dan Ginther asks if they can refinance the existing bond at a lower interest rate and if they can do that with the enterprise account. Mr. Milne indicates that they review the bond yearly and that if it makes sense to refinance then they would do it. However, when the bond for the golf course was issued it was very low.

Nancy Beauchamp asks about a possible increase in user service fees and if it would have to be voted on by the town manager. Mr. Milne thinks that the town manager has purview over the fees and that it could be brought to him for consideration. Mr. Milne thinks it should be pursued and could set up a fund for capital improvements and not operations.

The members discuss possible advertising revenues and gifts.

#### **Dave Miller opens the meeting for public comment.**

Brian Conway, a member from Centerville, loves the course here and feels the need to preserve this asset and that the Cape draws people because of the beaches and golf courses and that if they don't preserve the courses that it will be a loss. He thinks that they should market to the chamber of commerce and the business community and thinks that is the way to sell it.

Mike Ingam, formerly a member of the finance committee, agrees with the previous speaker. He doesn't believe that they have a chance to get funds from the general fund or from a tax levy.

Mr. Milne indicates that he has provided, in the handout, the amortization schedule if they were to borrow, and what the cash flow requirement would be.

#### **Manager Superintendent Report**

Dave Miller calls on Bruce McIntyre to do the manager's report

Bruce McIntyre indicates that FY12 in comparison with FY11 for both courses shows revenues were up overall and rounds were over 68000. He notes that they have increased their non-resident memberships and offered discounting to get people in which is working somewhat. They continue to do landscaping improvements. He thanks Judy Souza and Karen Marshall for volunteering and compliments them for an awesome job on the grounds and landscaping. He thanks Chris White and James for their continuing efforts on the grounds also. He indicates that there is money in the budget to paint the Olde Barnstable clubhouse and continue to replace the railings around the deck and replace the vanities and sinks in the men's room. They are looking into leasing two mowers which are the latest in cutting green mowers. He indicates that the greens are in excellent shape.

Dan Ginther complements the superintendents and the pros.

Terry Duenas suggests bringing in an architect to redesign the bunkers. Bruce indicates that the first step in the process would be coming up with the money to do an evaluation, to look at the scope of work, etc.

**Closing Public Comment**

Judy Souza indicates that herself and Karen Marshall have enjoyed doing the landscaping.

Next meeting is scheduled for August 14, 2012 at Olde Barnstable Fairgrounds Golf Course at 5:30 pm.

**Adjourn**

A motion to adjourn is made by Mary Creighton and seconded by Richard Aliberti.

Vote:

All in favor.