

**MINUTES OF THE TOWN OF BLACK MOUNTAIN BOARD OF ALDERMEN
SPECIAL CALLED MEETING
WORK SESSION TO CONSIDER GOLF OPERATIONS
November 22, 2010**

THE BLACK MOUNTAIN BOARD OF ALDERMEN met in a special called meeting to hold a work session for the purpose of considering various operational issues regarding the Black Mountain Golf Course, on Monday, November 22, 2010 at 4:00 p.m. in the board room of Town Hall, 160 Midland Avenue, Black Mountain, NC.

I. CALL TO ORDER

Mayor Bartlett called the meeting to order at 4:00 p.m. with the following members present:

Carl R. Bartlett, Mayor
Joan Brown, Mayor pro tem
Ruth D. Brandon, Alderman
Tim Rayburn, Alderman
Carlos Showers, Alderman
C. Michael Sobol, Alderman

The following staff members were present:

Marcy Onieal, Town Manager
Darlene Whisenant, Town Clerk
David Ballard, Golf Operations Manager/Golf Pro
John Shaw, Golf Course Superintendent

Also in attendance:

John DeWitt, Chair, Black Mountain Recreation Commission

Representing the media:

Mark Vanderhoff, Black Mountain News

II. SETTING EXPECTATIONS FOR WORK SESSION

Town Manager Marcy Onieal stated that the posted agenda for this meeting originally included plans to discuss two topics: 1) Golf Operations, and 2) a proposed Code of Ethics and Rules of Procedure for the Board of Aldermen. Due to time constraints and the extensive amount of material being presented by staff with regard to Golf operations, *the board decided by consensus to defer discussion of the Code of Ethics to the Board's agenda work session scheduled for December 13, 2010 at 5:00 p.m.*

Ms. Onieal stated that staff's presentation was intended to bring all members of the Board of Aldermen to the same level of information and understanding regarding history, operations, concerns and challenges facing the Town's golf operations, and to begin setting the stage for strategic planning and budget discussions which will begin shortly after the start of the year. In order to maintain a broad and objective perspective regarding operations at the Black Mountain Golf Course, in light of recent publicity over the condition of the course, Ms. Onieal conducted over forty meetings with individuals, all having vested interest or expertise in golf and in the Black Mountain course in particular. These included meetings with the Men's and Women's Golf Association officers, individuals holding different types of membership in the Black Mountain course, area golf coaches, employees of Black Mountain and other area courses, and professional golf course designers and management companies.

Ms. Onieal emphasized the informational intent behind the workshop and encouraged the board to ask questions, and provide feedback and direction to staff with regard to:

- 1) Articulating expectations for what constitutes acceptable condition of the golf course and facilities
- 2) Facility leases
- 3) Financial history and forecast

III. GOLF OPERATIONS- David Ballard, Golf Operations Manager/Golf Pro

David Ballard stated that he and Brent Miller work from the golf pro shop with two part-time employees to cover on their days off. There are two cart attendants that make sure the carts are maintained and cleaned. There is one ranger that works on weekends. The pro shop has a paid mechanic that works 10 hrs. per week on the golf carts. The carts are currently 2003 models and because of the age, require daily maintenance. The pro shop also has a volunteer starter on the weekends. From the pro shop they assign the tee times, organize the tournaments 365 days a year. The only day the golf course is closed is Christmas day.

During the spring promotional the pro shop enrolled 670 members, added to the 134 regular members. Mr. Ballard reviewed a handout listing all the 2010-2011 Membership Fees, 2010 Summer Rates and Regular Weekly Schedules. There were over 25 tournaments scheduled from April thru October 2010. Mr. Ballard stated that a charge of \$2,500 is for a shot gun start for 72 golfers. There is also a modified start charge that is a smaller amount for fewer than 72 participants.

Mr. Ballard shared some of his short term goals for the golf course including:

1. Continue promotional membership for a one-year term to attract new members.
2. Low-cost advertising on cable, radio, newspaper and website.
3. Maintain green fees at current low rate to keep tee box full.
4. Develop website for course for better PR
5. Recommends purchase of new golf carts and reseeding heavily to show quick improvements.
6. Offer Polar bear tournaments this winter to get play the Town normally wouldn't have in the cooler months.

7. Install vending machines for snacks and drinks until the snack shop lease is resolved.

Mr. Ballard compared revenues for the golf course from June 1 through November 16, 2010, to the same period in 2009, noting an increase in cart revenue of \$44,000, but noting a decrease in daily fees, which is to be expected with the summer promotion. Overall comparison to last year the Golf revenue is up about \$28,000.

IV. GOLF COURSE MAINTENANCE – John Shaw, Golf Course Superintendent

John Shaw, Golf Course Superintendent, reviewed the daily maintenance plan for the Black Mountain Golf Course. The maintenance staff includes the superintendent, golf course mechanic, three full-time equipment operators and two seasonal maintenance workers who usually end up being equipment operators as well.

Mr. Shaw stated that normally during the summer growing season the greens are mowed seven days a week and then in the winter months they mow three times a week. Monday, Wednesday and Friday are historically the busiest golf playing days, so that is usually the time when they do their heavier maintenance. The crew ride-mows the greens rather than walk-mows, which allows one person to mow the greens in two hours. The tees are mowed Monday, Wednesday and Friday by the supervisor and mechanic which frees up two operators to do other tasks during the day. The maintenance team has two people that change the cups, pick up trash and clean the restrooms every Monday, Wednesday and Friday. The fairways, roughs and bunkers are mowed every day. The bunkers are raked every Wednesday.

Tuesdays and Thursdays are historically slow days on the golf course, so the staff use those days for chemical applications. Staff apply fertilizer to greens every two weeks and fungicide on the opposite week. They also have to maintain the irrigation system on a daily basis. Most of the time in the winter is spent doing yearly rebuilds to all the equipment and the staff also help with snow removal. Mr. Shaw reviewed a monthly comprehensive maintenance plan and associated costs which total \$50,807.92.

Mr. Shaw stated that this has probably been the most difficult year for golf course maintenance in decades. Not only did the course struggle through a long, cold, snow filled winter, this summer was one of the hottest on record. The effects have been evident in the breakdown of pre-emergent herbicides used for weed control and a severe thinning of the turf on all areas of the course. Disease management program is approximately \$15,000 annually. Due to the hot summer and lack of manpower, the staff had to prioritize their time which, as a result, some of the finish work had to be put off until time allowed. The one positive that has come from this past summer is that staff has learned from the experience and will be better prepared in the future.

A list of concerns was brought to the golf maintenance staff by the past director of parks and recreation and the chairman of the recreation commission. At that point, a plan of action was created to respond to the concerns. The staff has addressed and corrected many of the concerns and feel the appearance of the course will improve and make it more marketable. Mr. Shaw said the staff will continue working hard to make the course the best that it can be and is proud of the hard work the staff performs on a daily basis.

Mr. Shaw shared that the long range plan that the pro shop has suggested will generate excess revenue for the golf course. With these funds, a capital improvement plan will be fine tuned and the ability to address some of the reoccurring problem areas can be resolved.

Capital Improvement Plan projects in order of importance are:

1. Rebuild 16th green – estimated cost \$35-40,000
2. Rebuild 4th green- estimated cost \$35 -40,000
3. Rebuild 9th green- estimated cost \$35- 40,000
4. Install new drainage in 1st fairway - \$40-45,000
5. Install new drainage in 5th fairway- \$40-45,000

Ms. Onieal stated that the Black Mountain Golf Course is one of the town's most valuable assets, both financially and from a quality of life standpoint. She reminded the Board that town clearly does not have the resources that private courses have, and yet to remain competitive, the Town must invest in course improvements in order to generate the revenue needed to operate. In the down economy, even the private courses have struggled and statistics show that golf course closures continue to outpace openings nationally.

V. FINANCIAL REVIEW

▪ Ms. Onieal provided a financial overview of golf operations over the past 18 years, explaining that the cash basis method historically used to account for Golf operations means that revenues are not matched properly with expenditures and that revenue from memberships guaranteeing future play offsets expenditures already made in the previous year, meaning the Golf Fund is out of balance by almost a full year. The golf course has never made enough money in order to apply an accrual basis of accounting, which is what should be occurring with an enterprise fund.

Ms. Onieal reminded the Board that the reason the former Recreation & Parks Directed initiated the summer golf promotion was to generate immediate revenue in the face of what was projected to be an almost \$400,000 deficit in January, 2010.

Over the last two decades, the golf course has had a few good years where it made a little profit; but there have been far more years when it hasn't broken even. The cumulative deficit over the last two decades exceeds \$200,000. In 1997, the Town was cited by the Local Government Commission for deficit budgets and maintaining inadequate cash reserves in the Golf Fund, at which point the Board of Aldermen approved a loan of \$175,000 from the General Fund to the Golf Fund, at 0% interest for a five year term. Coincident with that loan, was the approval of significant capital improvements at the course and several years of extremely good weather, good course condition, high membership and little competition from other public or semi-private open play courses. Since 1997 there has been virtually no expenditure on capital improvement, and the Golf Fund is nearing the same state of "crisis" it faced 10-15 years ago.

▪ In contrast to the persistent rumor that the Golf Fund would be in good shape but for the interfund transfer from the Golf Fund to the General Fund, Ms. Onieal explained that the transfer is no gift, but rather the allocation of actual costs of certain golf-related expenses that are paid for on a town-wide basis out of the General Fund. The cost allocation formula was adopted

in 1998-99 on the basis of actual costs and represents repayment to the General Fund by the Golf Fund for shared expenses such as administrative overhead, professional services, utilities, and insurances. In 2010-11 shared expenditures were budgeted with the following cost allocations: General Fund-79%, Water Fund-14% and Golf Fund-7%, although actual transfer was less than 7%.

- Current Revenue/Expenditure Report as of 11/18/10- Ms. Onieal noted that current year expenditures are in line with where they should be at this time of year, but that the bottom line is totally dependent on receipt of healthy May and June revenues, which may be somewhat doubtful with the course in poor condition and the large number of multi-year memberships outstanding.

- Capital Asset Report - Ms. Onieal shared a document listing the golf fund's capital assets totaling only \$63,354.47 in book value, representing \$116,184 in original fair market value, less \$52,829.53 in depreciation.

VI. BENCHMARKING ANALYSIS –National Golf Foundation 2010 Course Profiles

Ms. Onieal handed out a document entitled Operating and Financial Performance Profiles of 18-hole Golf Facilities in the US by the National Golf Foundation. She recommended the Board peruse the document for a comparison of financial performance between the Black Mountain Course and similar courses across the nation.

VII. REVIEW OF LEASES/CONTRACTS/RFP – Marcy Onieal, Town Manager

Ms. Onieal distributed copies of leases for the 19th Hole Snack Shop (lease dated May 1, 2007) and the Men's Golf Association Lounge. She also noted that two other groups have exclusive rent-free use of Golf facilities – the Women's Golf Association lounge and the Croquet Association's Croquet shed and restrooms without benefit of a lease. Kathy Moyers, vendor at the Snack Shop has verbally given notice that she will be terminating her lease on November 30, 2010. Traditionally leases for the 19th Hole Snack Shop ran from three to five years. The lease with Kathy Moyers was a three year lease at \$400.00 monthly rent and required that the tenant pay the utilities of the entire building. Over the 3-year lease period the town should have received \$16,400, but received only the first month's rent before the vendor stopped making payments in 2007, upon unauthorized instruction by a town official. When Ms. Moyers vacates the premises, the beer license for the facility will expire. David Ballard will be responsible for arranging for temporary food service, most likely through the installation of cold vending machines. Ms. Onieal also stated that the initial ADA audit uncovered a number of areas in which the Golf Center building is non-compliant with both building and accessibility codes and that a structural analysis will be undertaken in the near future to ensure the safety of occupants.

Mayor pro tem Brown made the recommendation that the 19th Hole Snack Shop lease be put out for bid with specific hours and food options. Ms. Brown also recommended that the Town Manager consider installation of separate electric meters at the Golf Center, if the board continues to lease space to outside groups.

▪ Men’s Golf Association (lease dated January 1, 1991) – According to Ms. Onieal this particular lease was for two years (at \$600 per year payable in two semi-annual installments) with the option of renewing for an additional year. Neither the Men’s Association nor the Town has communicated formally with the other party in regard to extension or termination of the lease. Lease payments for the last two years remain unpaid and overdue, but the Town received \$600.00 the first of November. The town is due an additional \$900 by December 31 in order for the lease to be paid up and current. Ms. Onieal indicated that the Town already pays for all water usage at the Golf Center and that the Town will assume cost of utilities for the interim period between food vendors.

VIII. MISCELLANEOUS RELATED TOPICS –

- Name of BMGC- Club or Course
- Fee Play
- Smoking Policy
- ABC regulations

Due to the late hour, the board agreed to table discussion of several miscellaneous topics, but by consensus concurred that the Black Mountain Golf Course should be forever known and advertised by its correct name (“Course” rather than “Club”). The manager recommended allowing the “Club” association to fade away naturally with the depletion of materials and sale of pro shop merchandise, rather than taking a financial loss on supplies that currently show “Club” in the name, while ensuring that all future nomenclature uses the word “Course”.

IX. CLOSED SESSION

Alderman Brandon made a motion to go into closed session at 6:30 pm, as permitted in NCGS § 143-318.11(a)(6) for the purpose of discussing personnel issues. At the request of the town manager, she amended her motion to include an invitation to Recreation Commission Chair John DeWitt to remain in closed session. The motion passed unanimously 5-0.

X. ADJOURNMENT

Upon returning to open session, and there being no further business, Alderman Brown made a motion to adjourn the meeting at 6:55 pm. The motion passed unanimously 5-0.

ATTEST:

Carl R. Bartlett, Mayor

Darlene Whisenant, Town Clerk

Marcia D. Onieal, Town Manager