

The Carl Junction City Council met in special session on Tuesday February 24, 2009 at 7:00 PM at the Police Department. Mayor Mike Moss called the meeting to order with the following present: Richard Zaccardelli, Don Marshall, Carl Skaggs, Mark Powers, Pat Smith, Dee Lynn Davey and Wayne Smith. Alderman Walter Hayes was absent. Also present were City Administrator Steve Lawver, City Clerk Maribeth Matney and City Attorney Mike Talley.

#### **AGENDA**

Pat Smith motioned to approve the agenda. Carl Skaggs seconded. All in favor. No opposed.

#### **APPROVAL OF RULES FOR QUESTIONING OF MR. FLATT BY THE PUBLIC**

Carl Skaggs motioned to approve the rules. Pat Smith seconded. All in favor. No opposed. Mayor Moss read the rules to the audience (see attached).

#### **PRESENTATION BY FLATT GOLF SERVICES INC**

Mr. Flatt stated that he would take about 20 minutes to review his report with the council and the public. He then went through the report and highlighted information on the report. He stated that Mr. Hayes appraisal is unrealistic for 2009, the size and shape restricts it for development, the golf course has an excellent design and could be highly successful, it plays wells now, it needs some general maintenance soon, some maintenance issues could be overcome easily and quickly, the water supply is in good condition, there are some sprinkler heads that need repaired, the golf cart paths need repairs, the clubhouse needs considerable repairs, the pool needs repairs, the parking lot needs repairs, the maintenance building needs repairs and is an eye sore and the City needs to make sure that we take an inventory of property that is to be transferred on the sell of the property, There are 3 golf courses that will compete with this golf course, the restaurant/bar has potential to create some income, it is in a great location and has a good following from the community, it is well routed and the lack of maintenance has reduced the value of the property. The redeeming merit is its location and the green space that comes with it. If it is not retained as a golf course, the property value of all the homes will be reduced by about 10-20%. It is a vision and a bold plan for the community but does not come without a cost.

#### **QUESTIONS OF MR. FLATT BY MAYOR AND BOARD OF ALDERMEN**

Richard Zaccardelli asked if adding batting cages, a miniature golf course and a driving range would benefit the operations. Mr. Flatt said that batting cages are very popular but does not think we have enough land for a driving range. He stated that if we had someone give lessons that could generate some income.

#### **QUESTIONS OF MR. FLATT BY THE MEMBERS OF THE PUBLIC**

David Buell, 914 Dogwood Trails, with the declining rounds is it reasonable to expect an increase in our rounds? Mr. Flatt said it is because of the good market we have here.

June Chenot, 128 Forest Drive, asked about subsidizing the golf course. Mr. Flatt stated generally that the funds come from the general fund and is transferred to the golf course.

Terry Chase, 715 Briarbrook Lane, asked if he had figured in tournament revenues. Mr. Flatt said that he did not figure that into his study.

Ron Brewer, 403 Sunnybrook Drive, asked about the discrepancy of the 6%. Mr. Flatt said that the location is important and that it can compete with Schifferdecker very well. It will attract from other locations as well.

Bob Cook, 212 E Allen, asked how the City is going to make it work when an attorney couldn't. Mr. Flatt said he did not think it would be profitable.

Bill Maguire, 112 Foursome Lane, the membership prediction is low when a few years ago it was 275 members. Why so low? Mr. Flatt said he wanted to be conservative for a brand new operation, especially going from a private course to a public course. Mr. Maguire said it has always been open to the public.

Jeff Hammons, 703 Rose Lane, asked about property values. It says that property values could be damaged 20% is there any way we get some real values on where we will end up? Mr. Flatt said it would be a significant problem in that neighborhood. Jeff asked if it would help if the city bought it. Mr. Flatt said it would help restore it and stabilize it.

Rick Utter, 2101 Granada, Webb City, asked if it does not pass how long does it take to lose a green and the cost to replace it. Mr. Flatt said it will be lost pretty fast. He is concerned about the thatch. It would take about \$7-\$8/sq foot at 5000 square feet to totally rebuild. If it is reseeded it takes 6 months to get it back in so you will lose revenues.

Steve Frederickson, 905 E Pennell, asked about the 5% growth rate calculated in the bond rates since growth has flattened out. Mr. Flatt said he is not able to answer that question. He needs to ask the finance people.

Mary Schillaci, 706 Springhill, asked if the golf course added value to the land. Mr. Flatt stated that the golf course does not add value to the land.

Toby Teeter, 126 Par Lane, went over some calculations using Mr. Flatt's numbers on the profit and loss ratio and the cost of the devaluation of the homes. He asked what impact the loss of the golf course would have. Mr. Flatt said it would have a great impact on our community.

David Buell, 914 Dogwood Trails asked if any of the public courses are self-sustaining. Mr. Flatt said that Carthage cut their budget back this year. He thinks all 3 require subsidizing. Mr. Flatt said that the rounds are declining.

Ron Brewer, 403 Sunnybrook, asked about loss of tax revenue. Mr. Flatt said he was not aware of it.

Randy Sohosky, 405 Rustic Ridge, 2 years ago a different gentlemen had the golf course and it looked like he was making a profit. Mr. Flatt stated that Chad's financial was in the appraisal and his incomes were \$600,000-\$700,000 for income and expenses. Randy asked if he was to the point of breaking even. Mr. Flatt said that was his recollection.

LaDonna Allen, asked about the Pro Shop and the profit per round. Did they calculate sales tax generated during tournaments and fund raisers? Mr. Flatt said it would be a part of that total dollar per round.

Phyllis Sanders, 106 Briarbrook Drive, stated that Mr. Hayes has bought chemicals and has been spraying out there and heard he planned to aerate the greens that might help.

David Buell, 914 Dogwood Trail, asked about private investors if for the right price they could buy a course like this and make it profitable. Mr. Flatt said there used to be some but not very many now.

Steve Frederickson, 905 E Pennell, asked about the water rights and Center Creek. Mr. Flatt said that should take place in the preliminary final negotiations, paperwork in the water rights and inventory of the materials.

Karen Rutledge, 702 Springhill Drive, asked about prices for annual dues and if it was comparable to the area. Mr. Flatt said that it is twice as what it is with the other 3 courses. We could get it here because of the captive audience and they have been used to paying more. The other courses are about \$500. She asked if we could use more as a base. Mr. Flatt said we could but he was reluctant to do that and inflate the numbers. He is confident of the 150 annual passes.

Randy Wrench, 409 Ruby Road, asked about making the back 9 viable again. Mr. Flatt said that he wouldn't do that; it would make a lot better park and trail system. He doesn't think the time will come that it will be viable with another 9 holes. Those days are gone.

Bob Cook, 212 E Allen, asked if the 10-20% drop in property values would happen on this side of the creek. Mr. Flatt said it would have more effect on the Briarbrook houses next to the golf course.

Dee Lynn Davey, 121 Forest Drive, asked if towns generally take the attitude that if a city owns a golf course it is more an amenity and usually have to subsidize it like pools. Mr. Flatt said yes they do. They hope to break even but that usually only happens in the metropolitan areas. They have a bigger market usually smaller communities have to subsidize them. Garden City Kansas has the attitude that it is an amenity to the whole community and they are proud of it. It depends on the community. It is a great sport and a great asset and benefit to the community.

Mary Schillaci, 706 Springhill, asked him to explain fees per round. Mr. Flatt was not sure what she was asking. \$14 per round and \$23.20 green fees per round. He then referred to his pro-forma.

Ron Brewer, 403 Sunnybrook, in talking about the valuation on the property he asked if he went to the assessor's office to get those figures. Mr. Flatt said that is based upon 40 years experience and seeing what happens to land when a golf course dies.

Larry Byler, 207 N Arlington, asked why the seller did not provide their revenues and expense for his study. Mr. Flatt stated he thought that the current owner did not keep a lot of records. The City can ask for them. Mayor Moss said that Mr. Hayes gave them Mr. Huffman's records.

Richard Zaccardelli, 124 Foursome Lane, asked if there was value of the golf team using the course. Is there a dollar value to that? Mr. Flatt said no unless they charged them for it.

Toby Teeter, 126 Par Lane, asked about the revenues from concessions. Does that include beer sales? Mr. Flatt said yes that would include the beer profits. You could make more of course.

Randy Wrench, 409 Ruby Road, asked Mr. Flatt to repeat his comments about Garden City Kansas. Mr. Flatt stated that Garden City subsidizes about 40% of the cost of their golf course. They are proud of their golf course and it is one of the best in the state. He said that Garden City is proud that they have it as an amenity for their community and do not mind subsidizing it.

LaDonna Allen asked about the tennis court and if it could be used as they are. Mr. Flatt said yes they are usable, they have some cracks that need repaired but they can be used as they are now.

Steve Frederickson, 905 E Pennell, asked if we should have another appraisal done. Mr. Flatt stated that he did not feel it was worth the cost. He said we just need to be tough in our negotiations.

David Buell, 914 Dogwood Trails, asked about the parking lots and cart paths that need to be redone. The pro-forma includes patching them. Does it include doing them properly at a future date? Mr. Flatt said that there is an annual amount of money to be spent every year for upgrades.

Steve Frederickson, 905 E Pennell, asked about the 95 acres and the plans for it. Mr. Flatt said he didn't include it in his report. He just looked at the golf course.

Roger Amos, 406 Birdie Circle, stated he was an older member when it was a rock pile and at that time it had 380 members. If it gets there again would it pay for itself? Mr. Flatt said yes but he was pretty pessimistic that it would ever get that high again.

Randy Sohosky, 405 Rustic Ridge, asked if it was true that the country clubs were struggling but the public courses were doing better. Mr. Flatt agreed with that. Mr. Sohosky stated that this then would be another attraction to our community.

Joe Cook, 204 Briarbrook Drive, asked in Mr. Flatt's opinion if the City wanted a golf course wouldn't it be better to buy this one then try to build another one? Mr. Flatt said you could get this one cheaper then to build one. You could build a modest golf course for \$5-\$6 million.

Ralph Jackson, 122 Par Lane, stated his son just moved to Kansas City and that there are 4-5 courses being built. They are selling houses like crazy. Mr. Flatt stated there are hot pockets around. There are a lot of golfers.

Jeff Hammons, 703 Rose Lane, stated that to summarize what Mr. Flatt has reported, the community has to make a decision that has to do with the quality of life like Garden City Kansas and the second decision is if we do want that can the city afford to subsidize it for at least a 5 year period. Mr. Flatt stated that was correct.

Dick Burrows, 410 N Cowgill, asked since this golf course is close to the airport would it increase the popularity of this course. Mr. Flatt said that it might help and that we would have to market it. It could help to a certain extent.

**ADJOURNMENT**

Mark Powers motioned to adjourn the meeting. Carl Skaggs seconded. All in favor. No opposed. Meeting adjourned at 8:40 PM.

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CITY CLERK

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MAYOR