

**MINUTES OF THE SPECIAL
WORK STUDY SESSION
HELD BY THE MOORE CITY COUNCIL
FEBRUARY 24, 2014 – 6:30 P.M.**

The City Council of the City of Moore met at the Moore Public Safety Center, 109 E. Main, Emergency Management Conference Room, Moore, Oklahoma on February 24, 2014 at 6:30 p.m. with Mayor Glenn Lewis presiding.

David Roberts
Councilman, Ward I

Robert Krows
Councilman, Ward I

Scott Singer
Councilman, Ward II

Mark Hamm
Councilman, Ward II

Jason Blair
Councilman, Ward III

Terry Cavnar
Councilman, Ward III

PRESENT: Krows, Singer, Roberts, Hamm, Lewis

ABSENT: Blair, Cavnar

STAFF MEMBERS PRESENT: City Manager, Steve Eddy; Assistant City Manager, Stan Drake; City Attorney, Randy Brink; City Clerk/Finance Director, Jim Corbett; Emergency Management Director, Gayland Kitch; Police Chief, Jerry Stillings; Manager of Information Technology, David Thompson; and Parks and Recreation Director, Todd Jenson.

Agenda Item Number 2 being:

REVIEW AND DISCUSS A REPORT PREPARED BY BILLY CASPER GOLF WITH REGARD TO POSSIBLE ACQUISITION OF BROADMOORE GOLF CLUB.

Steve Eddy, City Manager, thanked the City Council for attending the special meeting. He advised that Todd Jenson, Parks and Recreation Director, would be presenting the report prepared by Billy Casper Golf. Staff would give their thoughts on the subject and the floor would be open for discussion.

Mr. Jenson indicated that the City retained Billy Casper Golf in the Fall of 2013 to review Broadmoore Golf Course, its operations, and financial records. The final report was received in December 2013.

He stated that Broadmoore Golf Course is an 18-hole course bounded by 34th Street on the south, Broadway on the west, Bryant on the east, and agricultural and large estates on the north. The consultant deemed it a value-laden, mid-level facility. The current food and beverage operation is provided by a local vendor. The total rounds for 2011 and 2012 averaged around 30,000 per year. The net operating profit was \$60,000 for 2011 and \$90,000 for 2012. Billy Casper anticipated a profit for 2013 but were unable to provide accurate figures due to the impact from the May 20, 2013 and May 31, 2013 tornados.

Mr. Jenson advised that the following golf courses were located within a 20 minute drive of Broadmoore Golf Course and are considered competitors:

- Moore Golf and Athletic Club (private)
- Westwood (Norman)
- John Conrad (Midwest City)
- Earlywine (two-courses, Oklahoma City)
- Lincoln East and Lincoln West (Oklahoma City)
- Trosper (Oklahoma City)

If the City opts to purchase the golf course it would enhance the reputation of the community. A lot of communities the size of Moore have golf courses. It can provide an opportunity for open space for a playground or park on land available along the left side of the entrance to the golf course. It can be operated profitably prior to debt service and capital investment.

Operational Analysis:

- The greens and fairway are in good shape. The golf carts paths are in poor condition. The crew does a great job maintaining and operating the golf course.
- Clubhouse operations would require changes. There is not a point of sale system. The consultant suggests a staff review and discuss customer service.
- A significant revenue opportunity would be changing the food and beverage operation.
- Drainage issues exist on holes 8 and 14.
- Cart paths would be the biggest expense at \$400,000 to \$500,000.
- The parking lot would be reconstructed
- Possible environmental remediation required due to two fueling stations located in the south end of the parking lot.

Mr. Jenson stated that the financial analysis assumes a full-time golf manager/professional at the golf course. The report also assumes the City would operate the facility. If it is contracted out the cost would be approximately \$60,000 to \$80,000 a year. The food and beverage operation would be assumed by the City or a management company. They anticipate minimal revenue growth in future years.

Mr. Jenson gave a summary of the Financial Analysis:

	2011	2012	2014	2015	2016	2017	2018
NET	\$58,818	\$94,126	\$128,298	\$136,526	\$138,921	\$148,496	\$151,011

The above summary reflects the net operating income. There is an increase each year assuming the City opts to operate the facility; however, the figures do not include management fees, annual capital investment, or debt service. He advised that the City would likely make minor adjustments to the green fees and park fees.

Mr. Jenson indicated that the report estimated the cost to purchase and improve the Broadmoore Golf Course. The property is valued at \$1.2 million; however, staff anticipates the purchase price being closer to \$2 million with approximately \$750,000 in needed improvements. The items to be improved are:

- \$400,000 - \$500,000 Cart Paths
- \$100,000 Parking Lot
- \$10,000 Safety Concerns
- \$10,000 Drainage
- \$20,000 Food and Beverage Pavilion/Tent

- \$10,000 Point of Sale ("POS") System
- \$10,000 Entrance Signage
- Unknown Amt. Environmental

The adjusted estimated purchase price for the property with the proposed improvements would be \$2.75 million.

Mr. Jenson advised that the following issues were items for discussion and consideration by the City Council:

- Determine a funding source since the General Fund cannot support the purchase.
- Determine if the golf course would be managed by the City or a management company.
- Timing of the acquisition would be extremely challenging due to tornado projects, and the various large construction projects currently scheduled or underway such as the Central Park construction due to begin in May or June, and improvements scheduled for various other parks, street projects, and future undetermined HUD projects. Staff will be busy after completion of Central Park with development of operations for the new Recreation Center and Aquatic Park.

Mr. Jenson commented that his presentation was a short summary of the report prepared by Billy Casper Golf. Mr. Eddy advised that staff could invite the consultant to a meeting if Council had additional questions.

Councilman Krows asked if an employee would need to be trained to take over management of the golf course. Steve Eddy, City Manager, stated that his recommendation would be to hire a third-party to operate the golf course since staff does not have the necessary experience. Councilman Roberts commented that hiring a third-party to operate and manage the golf course would take pressure off of City staff. Mr. Eddy agreed but stated that his biggest concern was funding the purchase at this time since there was not an available funding source. He added that the golf course was similar to the parks in that it would never be a break even proposition. Councilman Roberts felt it was more a quality of life issue.

Councilman Hamm stated that the report indicated that the area was saturated with golf courses but the attractive thing about Broadmoore was it was relatively inexpensive to play there. He asked if the green fees would be raised if the City decided to purchase the golf course. Mr. Jenson stated that the report factored in a \$1 to \$2 increase in green fees.

Councilman Krows inquired about using the land for another purpose. Mr. Eddy advised that there is a small portion of extra property adjacent to the golf course that the City could potentially use for a park. Stan Drake, Assistant City Manager, estimated there was two to three acres available at the entrance to the golf course.

Councilman Roberts stated that the golf course was constructed by Duffy Martin in the late-60s. The course was built as a working class course to facilitate heavy weekend play. There are not any bunkers or sand traps because it impedes the speed of play. It makes it attractive to the once a week or weekend golfer. He knows of a group of individuals that come from Oklahoma City to play the course because it fits their level of skill. He believed the course has never been marketed and the usage could easily be increased with a little maintenance. Mr. Eddy asked Assistant City Manager Stan Drake to recount his conversations with the owner of Broadmoore Golf Course, Bob Greenberg, and how the possibility of purchasing the golf course came about. Mr. Drake indicated that he has known Mr. Greenberg for several years. He is now 74 years old and has owned the golf course for many years. He has two children living out of state. Mr. Greenberg has been approached by two local developers who have offered him a lot of money for the property, but it is Mr. Greenberg's wish that it remain a golf course. Mr. Greenberg is at a

point in his life where money is not the main consideration. He mentioned carrying a part of the note or tax credits as options for the City. Mr. Greenberg divides his time between homes in the metro area and Arizona. Councilman Krows asked what the property could be used for under its current zoning. Mr. Drake felt it would be likely be some sort of residential property. Mr. Eddy commented that the residents who surround the golf course have grown accustomed to the view over the past 40 years and would likely not be pleased to have it replaced with homes 30 feet from their back door.

Mr. Jenson stated that marketing the course would include signage off Broadway and the creation of a website. The report recommended offering on-line registration for tee times. If the City opted to purchase the property staff discussed offering a bundle price, similar to a country club membership, for the recreation center, aquatic center, and the golf course.

Councilman Roberts advised that Broadmoore was affordable to everyone. Moore Golf and Athletic charges a senior membership, which runs Monday through Friday and is the least expensive, for \$165 per month. Broadmoore sells cards with approximately 20 plays on them. Prior to the last price increase it cost \$15 for a round of golf for a senior. He felt that was very affordable. He believed that with some marketing and the proposed improvements they could bring in another 10,000 rounds of golf.

Councilman Krows asked how the City could fund the purchase of the golf course. Mr. Eddy stated that revenue bonds or a revenue note could be used but it may not generate enough revenue to pay for debt service and management fees or employee salaries. Another option would be a General Obligation Bond which requires a vote of the people. Mayor Lewis did not feel that a G.O. Bond was a good option. He wondered if Mr. Greenberg might be willing to donate a portion of the property and/or carry the note. Mr. Drake commented that if Council was interested in the golf course the next step would be to speak to Mr. Greenberg. He felt that Mr. Greenberg would be willing to work with the City due to his strong desire to have the golf course remain a public course. Councilman Hamm did not feel that he could justify to the citizens the purchase of a golf course when there were so many other things that have been postponed or neglected over the years due to the cost. Councilman Roberts felt that the issue must be decided now because the opportunity may not be available again. Councilman Krows also felt that there was so much going on currently that the timing was off for this sort of purchase. Councilman Roberts did not feel that it would be necessary to spend much taxpayer dollars because operationally the course funded itself. If it were marketed properly he expected excess revenues at the end of each year to apply to debt service.

Councilman Krows stated that the report indicated that the golf course breaks even. Mr. Jenson replied that the report estimated \$60,000 to \$80,000 in management fees, leaving around \$40,000 for capital improvements and debt service. Councilman Krows then asked Finance Director Jim Corbett if he could estimate what sort of debt service payment a purchase of this size might be. Mr. Corbett replied that it would depend on the term, purchase price, and if tax credits were involved. Councilman Singer asked how long it would take to retire the debt based on preliminary estimates. Mr. Corbett indicated that it was difficult to provide an estimate without the specifics of what is being offered. Mayor Lewis felt that the City should take the opportunity to purchase the land and determine its use at a later date.

Steve Eddy, City Manager, suggested that the City could sell the 160 acres in Oklahoma City to purchase the golf course. Councilman Singer asked if there had been any offers on the property. Mr. Eddy indicated that staff has not had the opportunity to solicit sealed bids. Councilman Krows felt that the Broadmoore property would be more valuable to the City. Mr. Eddy agreed and added that the Oklahoma City property would be more valuable to a developer. Mr. Drake advised that Mr. Greenberg had outsourced the concessions, likely because he didn't want to be burdened by it. He suggested that the profits from the concessions could potentially fund a portion of the debt service. Mr. Drake stated that the parking lot and the cart paths are in poor condition. It is possible that the asking price could be reduced by the cost of repairs. The drainage repairs necessary would be minimal. Mayor Lewis commented that the City would likely not get another opportunity to buy a golf course. Councilman Roberts knew that developers

have expressed in interest in the Oklahoma City property for some time. He felt that once the City accepted sealed bids it would be sold. Mr. Eddy agreed that there has been a lot of interest in the property. He also felt it would be easy to sell the property as long as the bid was for an acceptable amount.

Resident C.D. Payne advised that he lived by the golf course and has appreciated the view. He said he would not be pleased to have to look out his window and see a bunch of houses. The course doesn't have sand traps but there is a lot of water.

Gayland Kitch, Emergency Management Director, advised that his home backs up to the vacant area north of Willow Pine and the pond. He would hate to think about apartments potentially being built behind his home. They are accustomed to the open space and enjoy the view. Councilman Krows asked what the property was zoned. Mr. Eddy guessed it would be zoned agricultural. Councilman Krows confirmed that nothing could be constructed there without a rezoning application. Mr. Drake remembered that a restaurant was located there at some point and a piece of the site could be zoned commercial.

Councilman Roberts suggested that the next step would be to schedule a meeting with Mr. Greenberg to determine the terms of a sale. At this point they are uncertain of an asking price, don't know if tax credits would be offered, or if Mr. Greenberg would be willing to carry the note. If it turns out the asking price is too high than the issue would be moot.

Councilman Krows asked if staff would be okay with a management company running the golf course. Mr. Jenson felt it would be set up similar to Veolia Water and they would be very comfortable with that.

Councilman Roberts indicated that the City of Oklahoma City has a Golf Commission which operates outside of the Parks and Recreation Department. He believes they hire professionals who coordinate the activities but most of the remaining personnel are employed by the City. There is no guaranteed salary for the professional so he must be paid through sales from the clubhouse operations. He would guess that Broadmoore has very few tournaments. The report recommends the construction of 3,200 square foot semi-permanent structure to facilitate tournaments. It was mentioned that a number of the churches have tournaments there too. Mayor Lewis felt that the Farmer's Market could be held there as well.

Councilman Singer felt that the next step would be to meet with Mr. Greenberg to determine an accurate sales price before making a determination on whether to purchase the property. Mr. Eddy stated that he did not feel comfortable meeting with Mr. Greenberg to discuss a price before a work study session was held with the City Council to measure interest in the golf course. He advised that once a meeting is held with Mr. Greenberg the item could be discussed in executive session. Mr. Corbett could put together figures for a ten-year financing before the Council considers purchasing the property. Mayor Lewis asked if the property in Oklahoma City was appraised. The appraisal was lower than the purchase price. However, he felt that the developers would pay more than what the property was appraised for. Councilman Roberts asked how much the City paid for the property in Oklahoma City. Mr. Eddy stated that the total price was approximately \$950,000 or around \$5,900 per acre. This land does not have water and sewer although it could be extended from the Featherstone Addition located north of 164th and S. Pennsylvania. Mr. Eddy stated that the bid specifications would allow for the bids to be rejected if the bid amounts were unacceptable. Councilman Singer asked about setting a reserve amount. Mayor Lewis agreed that a reserve amount should be at least what the City paid for the property. Mr. Eddy commented that he did not want to signal that the City was willing to settle for that amount. Councilman Roberts also felt that the property could be sold at a profit. Mr. Drake stated that land in the area is expensive based on what the developers are paying for it. Mr. Eddy stated his opinion that the City should offer the property as is and not offer to bring water or sewer to it.

Councilman Roberts asked if an agenda item was necessary authorizing the sale of the property. Mr. Eddy advised that an item was placed on an agenda several months ago.

It appeared to be consensus of the Council that staff should speak with Mr. Greenberg to determine an asking price and what concessions, if any, he was willing to make. Mayor Lewis asked how many acres would be included in the golf course property. Mr. Jenson estimated 90 to 100 acres. Mr. Eddy stated that the property included utilities.

Mr. Jenson advised that a hard copy of the presentation was available for anyone that wanted it.

Councilman Singer asked what services were offered at the club house. Mr. Payne stated that it was pretty limited in merchandise. They sell caps, balls, and tees. Mr. Eddy commented that there was a fire at the golf course five to six years ago. It burned down the old club house and he chose to build back something smaller and more practical. Mr. Payne commented that Mr. Greenberg was an absentee manager and made money. Mr. Drake felt there was money to be made in the concessions. Mr. Payne agreed stating that the course was very busy in the summer.

Agenda Item Number 3 being:

ADJOURNMENT

Councilman Krows moved to adjourn the special joint work study session, second by Councilman Hamm. Motion carried unanimously.

Ayes: Krows, Singer, Roberts, Hamm, Lewis
Nays: None
Absent: Blair, Cavnar

The meeting was adjourned at 7:38 p.m.

TRANSCRIBED BY:

RHONDA BAXTER, Executive Assistant

RECORDED BY:

JIM CORBETT, City Clerk

FOR:

DAVID ROBERTS, MPWA Secretary

These minutes passed and approved as noted this ____ day of _____, 2014.

ATTEST:

JIM CORBETT, City Clerk