


CITY OF RAPID CITY

PARKS AND RECREATION DEPARTMENT
515 WEST BLVD.
RAPID CITY, SOUTH DAKOTA 57701

To: Mayor Sam Kooiker & City Council

Jerry W. Cole,
Director
(605) 394-5225

From: Jerry W. Cole, Director 

Date: December 20, 2011

Subject: Golf Enterprise Fund

Jeri Taton
Administrative
Assistant
(605) 394-5225

Lon VanDeusen,
Parks & Cemetery
Manager
(605) 394-4175

Doug Lowe,
Recreation Manager
(605-394-4168

Recommendation: Approve transfer of \$30,000 from Meadowbrook Development fund to Meadowbrook Enterprise fund and transfer \$90,000 from general fund unspent dollars to Executive Golf Course fund. Money to come from unspent cash as follows:

Recreation	601 - \$20,000
Aquatics	612 - \$40,000
Parks	607 - \$30,000

Background:

Every year that we have records for, we have used money from the general fund to supplement our golf course funds which include Meadowbrook, Executive and LaCroix Golf courses. For the last five years we have only had to use general fund money for Executive and LaCroix golf courses.

In the years since 2004 we have been making changes in staffing, maintenance procedures and equipment purchasing to trim the budget and become more efficient. We have made changes this year and have planned changes for next year to try even harder to make the golf course budgets pay for themselves.

Meadowbrook has broke even or come close to making a profit for several years but with course play down this year it is hard pressed to make that breakeven point. Executive Golf course has never made a profit and in fact is the course most likely to run a deficit each year. Executive also picks up the water cost for the leased golf course at LaCroix which has been running around \$30,000 each year.

On more than one occasion Meadowbrook Golf Course has had to supplement the Executive Golf course for its shortfall. In 2007 and 2008 Meadowbrook supplemented Executive over \$160,000 which was never returned and that cash reserve was lost forever.

The following loans carried by the golf course are included in the expenditures for Meadowbrook Enterprise Fund:

- \$29,891 annually for the Club House (ends in 2013)
- \$11,310 annually for purchasing restaurant assets (ends in 2015), and
- \$26,118 annually for the Cart Barn (final balloon payment in 2015 of \$38,155).

These loan payments use more than \$67,000 of the revenue generated by Meadowbrook each year.

Even with these loan payments and golf being down this year Meadowbrook Golf Course will not be asking for general fund money to supplement its cash flow. As we look to the future we can see the potential that when these loans are paid off, these funds will be profit to the golf course and we are optimistic that Meadowbrook will not have to request general funds in the future.

However, Executive Golf course is different. Any way we look at it, this course will never be able to operate without general fund dollars. Executive Golf course competes for the same clientele as LaCroix Golf Course. Since the City leased that facility to the YMCA at no cost, and Executive pays the water charges, it is doubtful that course will ever get to a break-even point.

Even with a 9% decrease in play this year not everything is doom and gloom at the golf courses; there are some positives. We have reduced our expenditures in 2011 by scheduling staff differently and closing and opening the facility at different times. We also see the potential for an increase in market share as a result of new businesses and housing in Founders Park. This development increases the potential for new clients at Executive Golf Course. So even though we believe we might not break even with Executive Golf Course, we are hopeful we can decrease the general fund dollars as we go into the future.

FY 2012 will be a pivotal year for the golf courses. If we get another wet spring in April and May and our golf numbers decrease again we will be looking for help for all of our golf courses from the general fund. Should we have an average spring or better we should have plenty of cash flow for Meadowbrook to make it into 2013.

We are requesting \$90,000 to supplement Executive golf course for 2011; \$30,000 of this request will cover the costs for water at the LaCroix course.

In closing, the Mayor and staff believe it is time to have the discussion about whether or not to keep the Executive Golf Course open and continue to supplement it with general fund as well as Meadowbrook Golf course dollars. This discussion will start at our next Parks and Recreation Board meeting on January 12, 2012.

If you have any questions, please contact me.

Meadowbrook Golf Course Outstanding Loans

A \$220,000 loan was provided from 2012 in 2002 to assist with building the new club house at Meadowbrook Golf Course. The following schedule is what is left to repay that loan from **Cost Center 904 (Meadowbrook Development Fund): YEARLY**

Due Date	Principal (Line item 4410)	Interest (Line item 4420)
September 1, 2011	\$25,097	\$4,794
September 1, 2012	\$26,603	\$3,288
September 1, 2013	\$28,199	\$1,692

\$50,000 loan was provided for Meadowbrook Bar & Grill. The following is a schedule to repay that loan from **Cost Center 604 (Meadowbrook Operations): YEARLY**

Due Date	Principal (Line item 4410)	Interest (Line item 4420)
October 1, 2011	\$9,185	\$2,125
October 1, 2012	\$9,575	\$1,734
October 1, 2013	\$9,982	\$1,327
October 1, 2014	\$10,406	\$903
October 1, 2015	\$10,388	\$416

\$150,265.32 was borrowed to construct a cart barn at Meadowbrook Golf Course in 2004. The following is a schedule to repay the remainder of that loan from **Cost Center 604 (Meadowbrook Operations): MONTHLY**

Year	Yearly Amount	Payment Monthly
2011	\$24,109	\$2,009
2012	\$23,435	\$1,952
2013	\$22,704	\$1,892
2014	\$21,949	\$1,829
2015 (9 months)	\$14,343	\$1,771
2015 (1 month)	\$38,008	\$38,155

8 Year Golf Course Numbers

YEAR	Golf Course	Revenues	Expenses	Yearly Difference	End of Year Transactions
2004	Meadowbrook	\$ 792,530	\$ 803,431	\$ (10,901)	\$165,000 from General Fund
	Executive	\$ 126,568	\$ 234,168	\$ (107,600)	\$66,000 from Meadowbrook
2005	Meadowbrook	\$ 730,096	\$ 759,205	\$ (29,109)	
	Executive	\$ 119,937	\$ 243,414	\$ (123,477)	\$149,800 from General Fund
2006	Meadowbrook	\$ 779,044	\$ 746,380	\$ 32,664	\$104,205 from General Fund
	Executive	\$ 131,431	\$ 246,653	\$ (115,222)	\$27,750 from General Fund
2007	Meadowbrook	\$ 744,541	\$ 754,226	\$ (9,685)	
	Executive	\$ 129,563	\$ 205,098	\$ (75,535)	\$115,000 from Meadowbrook
2008	Meadowbrook	\$ 1,037,355	\$ 940,780	\$ 96,575	
	Executive	\$ 135,293	\$ 179,009	\$ (43,716)	\$46,000 from Meadowbrook
2009	Meadowbrook	\$ 948,223	\$ 974,778	\$ (26,555)	
	Executive	\$ 125,234	\$ 211,784	\$ (86,550)	\$75,000 from General Fund
2010	Meadowbrook	\$ 919,671	\$ 939,007	\$ (19,336)	
	Executive	\$ 123,986	\$ 195,308	\$ (71,322)	\$66,300 from General Fund
2011	Meadowbrook	\$ 1,267,081	\$ 1,297,000	\$ (29,919)	Requesting \$30,000 from Development Fees
	Executive	\$ 121,179	\$ 206,733	\$ (85,554)	Requesting \$90,000 from General Fund