

## **Draft Minutes March 1, 2021 General Government Finance Subcommittee Meeting Discussion with Kurt McDowell Sassamon Trace General Manager for Review of Preliminary 2022 Budget**

The meeting was called to order at 7:30 PM by Phil Rooney Chair of the subcommittee. Bill Grome made a motion to open and Chris Resmini seconded. The vote was 3-0 to open meeting (P. Rooney, C. Resmini, and W. Grome).

Members present were Bill Grome, Chris Resmini. Absent were Jerry Pierce, David Coffey and Julian LaFluer.

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Kurt had previously responded to questions and requests for clarifications submitted to him prior to the meeting and they are detailed below.

### **General Government Subcommittee Sassamon Trace Questionnaire Preliminary 2022 Town Administrators Budget 1/4/2021**

**Please briefly describe how the Covid pandemic has changed the way you have managed the golf course. How long was the course closed?**

The top priority changed to safety and health of staff and guests. I have used remote scoring for leagues as well as pushed for remote payments online. The course closed for almost 2 months early in 2020.

**What is the estimated 2021B financial impact of the closing and subsequent reopening guidelines (estimated impact on revenues and estimated impact on spending).**

The closure will have no impact on 2021 fiscal year as it affected the 2020 fiscal year. The estimated impact on 2020 was around \$170,000. The course was able to save \$127,470 in expenses that year.

**Please provide us with number of golf Rounds you project to be played in 2021 fiscal year. How does this number compare to 2022B Golf Rounds. Please provide some context for your 2021 and 2022 estimates.**

The estimated number of rounds for 2021 is 41,000. The total is based on current rounds played plus estimated spring rounds based on historical averages. The estimated number of rounds for 2022 is 31,000. (Follow-up: Kurt are you sure you have the figures correct? As stated, it shows 41,000 rounds for 2021 and you are stating for 2022 you will have less play – 31,000 rounds. Why would number of people playing drop? Is it because they are going back to work and you lose daytime play? If yes, Revenue for 2022 will decrease as shown below– correct? The numbers are based on 5-year averages and do not include the 2021 projections. Before this year, the most rounds ever played in a season at Sassamon was 32,000 for a fiscal year. The course has never made over \$730,000 in a year, although 2020 was on a record pace until the 2-

month closure.) Golf was a big benefactor of people being able to work at home with flexible schedules. The estimate for 2022 is based on returning more to normal with a more standard increased of rounds.

During our meeting Kurt further explained that adoption of the Covid flex schedule allowed the course to accommodate 41,000 rounds. A regular work schedule would not facilitate this many rounds. In a normal schedule 31,000 rounds are the norm. For the 5 months the course was open it was completely booked. New work practices for the golfers (remote work) allowed them to golf more.

**What is the projected Golf Fee Revenue for 2021 fiscal year? What is the projected Golf Fee Revenue for 2022B?**

The projected revenue for 2021 is \$1,000,000. The projected revenue for 2022 is \$800,000.

**The Preliminary 2022 Budget submitted for our review - have you actively participated in the preparation of the salary and overhead spending information? Do you have concerns that the budget submitted does not reflect your needs for 2022? If yes, please detail those needs and why you are concerned.**

I have actively participated in making the budget. I feel it will reflect the golf courses needs for 2022.

**In 2021 what has been the biggest challenge for your department with respect to staffing or spending? Please detail why.**

The major staffing issue was finding a new mechanic after the previous one left. I think finding a part-time mechanic is a challenge of itself and with the pandemic made it even harder. The biggest spending issue was water. The summer weather was fantastic and we expired heavily increased play.

During meeting Kurt explained during the meeting they received only one application for the mechanic position. They continue to seek a person. The job is for 10-15 hours per week at \$20 per hour. Until they get a mechanic, they subcontract repair work.

**In 2022B there are dollars identified for a year round Golf Professional. Please assist our understanding of the need and benefit of a year round professional. How does this addition reduce other staff support costs? Have support responsibilities been added or transferred to or from your department? If yes, can you briefly provide why this occurred?**

A year round professional would help the course in several ways. The increased hours for this position will enhance the professional presence during its 7-day a week operation. Currently in the off-season, the golf course manager sets his schedule based on weather (rain, sleet and snow), often-working 12-14 days in a row order to keep the course open during playable weather. In the event he does take time off during playable weather, part time staff operate the course and typically call him to address any issues that need a manager's discretion. Consistency for the operations and the players is key to the welcoming and friendly environment and providing a reasonable schedule to the manager is vital to its continued success. Finally, offering a year round position to the

golf professional will increase our likelihood of retaining the employee for longer than a season or two. The reduction in cost to hourly employment would be \$4,000. The proposal also looked at the golf professional's hourly rate. Currently it is \$28.2353 an hour, but with moving to a year round position, the cost would drop to \$24.04 an hour. The decrease is based on not having to pay a premium for a partial year position.

During the meeting Kurt further explained during the meeting the main activity performed by hourly staff is collecting golf fees. They do not perform other tasks effectively.

Kurt informed us the course had to refund 20% of the cost of a season pass to golfers who purchased one. This was because of the time they were required to close course.

Kurt pointed out that the adoption of the new automated scoring and payment systems saves approximately 3.5 hours per week of labor time. The course increased the cost of a pass by \$3 to help pay for these improvements.

**The 2022 Budget spending details the following;**

- **An 8% reduction in Retirement Assessment. Please explain why this occurred?**
  - A new superintendent was hired with a lower starting salary then the previous one had. The retirement figure is based on a percentage of the salaries.
- **A 50% reduction in Advertising/Promotion costs. Please explain.**
  - The course increased advertising a few years ago to help increase play. Due to the pandemic, the course operated at over 90% capacity this year. With the amount of new traffic received, the need to reach new players is less needed.
- **Software Maintenance costs increased approximately 977% for new software. Please explain reason for change, benefit, and expected life of new software.**
  - The course adopted online scoring for all league play this year due to the pandemic. The course will continue to use the software, as it was a major time saver. The cost of the league fees for the coming year increased to make up for this expense.
- **Telephone costs are up 8.7%. Please explain.**
  - Telephone expenses increased due to rate increases from RCN as our previous contract ran up as well as increased usage.
- **Bank Fees & Credit Card costs increased 10.3%. Please explain.**
  - The fees increased due to expected increased usage due to the pandemic. The course has also changed the point-of-sale software. The new software required switching to a new credit card processor. The fees for the processor related to the new software are higher; however, the course will trade 9 less tee-times per week, meaning an estimated net \$5,600 due to increased revenue.

During the meeting Kurt explained the course used to trade 14 rounds of golf at an average cost of \$67 to the bank for their services. With the new system they are trading only 5 rounds of golf. Therefore some savings to offset increased costs for new payment system.

- **Please explain how the 13.5% increase in golf course chemical costs is or is not related to the decreases of 22.1%, 14.3%, and 3.8% course material, grass seed/sod, and course supplies. If they are not all related, please discuss each change individually.**
  - The course is working toward showing cost where it is actually used. As the course matures, the need in some categories is less; however, the cost of

chemicals has increased, especially as we use more environmentally friendly options.

- **Please explain why the Sales/Use Tax expense is up 6.7%.**
  - The increase is due to projected sales growth.
- **Fed/Medicare and Group Health are up roughly 5%. Is this related to hire of full time professional? If no, please explain.**
  - It is based on the increase in the cost of insurance. It does take into the account the fire of a full time professional.

**Are there any issues with the operation of the Golf Course that you believe should be brought to our attention?**

The only operational issue is managing increasing costs and trying to balance that closely with price increases.

During the meeting Kurt informed us the operation is on schedule to retire the related debt. The course will experience a deficit of approximately \$200,000. If the course could operate at 90% capacity the deficit would be zero.