

**ALAMEDA GOLF COMMISSION
MINUTES OF REGULAR MEETING**

Wednesday, September 21, 2011

1 CALL TO ORDER

Chair Jane Sullwold called the regular meeting to order at approximately 6:35 p.m. at the Chuck Corica Golf Complex, Ladies Lounge, 1 Clubhouse Memorial Road, Alameda, CA 94502

1-A ROLL CALL

Present: Chair Jane Sullwold, Commissioner Ray Gaul, Commissioner Betsy Gammell, Vice Chair Bill Schmitz and Secretary Jeff Wood

Absent: None

Staff: John Vest, General Manager, and Matt Wisely, Superintendent

Also present: Andrew Thomas, Planning Services Manager, and Dale Lillard, Recreation and Parks Department Director

1-B APPROVAL OF MINUTES

The minutes of the special meeting of August 24, 2011, were approved unanimously.

1-C ADOPTION OF AGENDA

The Commission unanimously adopted the agenda.

2 ORAL COMMUNICATIONS

None.

3 COMMISSION COMMUNICATIONS

None

4 WRITTEN/ORAL REPORTS

4-A Maintenance activities written report by Matt Wisely

Matt Wisely gave an oral report regarding course conditions, maintenance projects, and staffing. Ed Downing asked about the kikuya grass that is appearing in the middle of some greens. Matt advised that this is a difficult problem to resolve, other than by removing those blades or clumps by hand. The maintenance staff tries to dig trenches

around the greens to prevent the kikuya from invading, but that is not always totally successful. Matt believes, however, that all of the greens are very puttable in their current conditions.

4-B Golf Shop and Driving Range activities report by John Vest

John Vest reported on positive August revenues, including tournament income, and on promotions.

4C Beautification Program and Junior Golf Club by Mrs. Norma Arnerich

Norma Arnerich reported on the success of the final junior tournament of the year, the parent/junior event, and discussed the upcoming Jack Clark Memorial tournament, which is the primary fundraiser each year for the scholarship fund. She also mentioned that Alameda Advertising has two plaques ready for memorial benches, so she will be scheduling ceremonies to install those benches. Apparently it takes much longer to create plaques with photographs of those being honored.

4-D Golf Complex Restaurant Report, Jim's on the Course

None. John said he had heard of no issues concerning the restaurant.

5 AGENDA ITEMS

5-A Status Report on long term lease, Mif Albright negotiations, and proposal for Golf Complex reconfiguration by Ron Cowan and Harbor Bay Isle Associates, including Golf Commission recommendations, if any.

Recreation and Parks Director Dale Lillard reported on the staff proposal regarding a long-term contract with KemperSports that will be presented to City Council at its October 4 meeting, a copy of which was available. Essentially, the City and Kemper will contribute equally to an initial capital improvement program budgeted at \$7 million, which includes reconfiguring the Clark course and building a new Mif Albright par 3 course. The City will contribute a maximum of \$3.5 million from the funds it expects to receive from the land swap with Harbor Bay Isle Associates; Kemper will contribute \$1 million at the inception of the lease, then will contribute \$2.5 million over the next five years beginning with \$300,000 in 2012 and concluding with \$700,000 in 2018. Before, during and after construction Kemper will pay the City \$50,000 rent annually. Once construction is complete, but no later than July 1, 2018, Kemper shall pay rent based on various percentages of gross revenue, with an annual minimum of \$50,000. The term of the lease is 20 years, with Kemper having the option for two five-year extensions. After completion of construction, 4% of gross revenues will be set aside for a capital improvement fund. City Council retains the right to approve resident rates, which may be raised by Kemper by a maximum of 4% per year. Current rate structures and policies for juniors and local high school teams will be maintained for the duration of the contract.

Chair Sullwold asked if Kemper's contributions after the initial \$1 million are guaranteed by Kemper, regardless of the amount of golf revenues in the years 2012 through 2018, and Dale said that they were. Dale also responded to other questions from the Golf Commission and the citizens attending the meeting.

Planning Services Manager Andrew Thomas then reported on the second staff proposal that is scheduled for the October 4 City Council meeting – a recommendation that Council authorize the City Manager to execute a Memorandum of Agreement with Harbor Bay Isle Associates regarding the land swap of the Mif Albright land for HBIA's North Loop Road property. The major deal points are as follows: The MOA would give HBIA the authority to pursue applications to amend the zoning of the Mif land from open space to residential, then to obtain approval for a tentative map for up to 130 homes on the parcel. HBIA would be responsible for paying all costs, including City staff and consultant time, to evaluate the proposal and prepare necessary documents. Upon approval of a Property Exchange Agreement, HBIA would give the City title to the North Loop Road property, and would pay \$7.2 million to be used, among other things, for reconfiguration and improvements to the Golf Complex, including relocation of the 9-hole course, and construction of sports fields on North Loop Road. In addition, HBIA would be responsible for \$2.5 million of off-site improvements (traffic, sewer, storm drain improvements, etc.) related construction of homes on the Mif property. According to Andrew, this recommendation was fully vetted by the City's attorneys, and gives the City the ability to back out at any step along the way without any obligation to HBIA except possibly to return its \$200,000 deposit under certain conditions.

Much of the discussion that ensued concerned the adequacy of HBIA's proposed \$7.2 million payment. Andrew said that he was not previously aware of the controversy over the accuracy of the City-commissioned appraisal of the Mif land. He said that he intended to discuss this matter with City Manager John Russo and others on Thursday morning. Other issues were also raised, including traffic implications of 130 additional homes along Island Drive. Chair Sullwold thanked Andrew and Dale for their presentations.

5-B Update on Golf Complex Finances

Bob Sullwold made a report on the results in fiscal year 2010-11. Rounds played on all three courses declined in FY 2010-11 compared to FY 2009-10 and FY 2008-9. Fry rounds declined more than Clark rounds. Overall, the decline was 8,409 rounds in FY 2010-11 compared to FY 2009-10 (7.50%) and 21,203 rounds in FY 2010-11 compared to FY 2008-9 (16.90%). Similarly, revenue generated by the Fry and Clark courses declined in FY 2010-11 compared to FY 2009-10 and FY 2008-9. Fry revenue declined by a lower percentage than Clark revenue in FY 2010-11 compared to FY 2009-10 and by a higher percentage than Clark revenue in FY 2010-11 compared to FY 2008-9. Overall, the decline was \$174,164 in FY 2010-11 compared to FY 2009-10 (7.94%), and \$372,200 in FY 2010-11 compared to FY 2008-9 (15.57%).

Net income after expenses of golf operations – i.e., operating income before payments the City – in FY 2010-11 amounted to \$193,759, which is \$575, 508 (74.81%) lower than FY 2009-10 but only \$17,130 (8.21%) lower than FY 2008-9. The decrease from FY 2009-10 to FY 2010-11 has both a revenue and an expense component. Although revenue generated from the Fry and Clark courses declined this year compared to last year, as did ancillary revenue generated by golf operations – e.g., monthly passes, golf carts, golf lessons, and golf shop merchandise -- but the decline in total operating revenue amounts to only \$208,945; the rest of the decrease in income is attributable to an increase in expenses, which is described under the lump sum “Services” category so cannot be understood. Services were budgeted at \$2,626,279 for the fiscal year, but were actually \$2,950,933, an overrun of 12.3% (\$321,663).

Bob asked City Controller Fred Marsh to explain the dramatic increase in expenses, and also to explain certain anomalies in the City’s financial reports to the Golf Commissions, including an unbudgeted depreciation charge of \$167,100 in June 2011. Many of the anomalies were described as typos that have since been corrected. Fred explained some of the services overrun was due to unanticipated expenses for repairs and consultations, but those items totaled only about \$72,000. He did not offer any explanation for the remaining \$250,000 increase over budget. Regarding depreciation expense, Fred stated that depreciation for the fiscal year has not yet been finalized, but that the June charge was an adjustment for golf assets that had been under-reported in prior years.

Bob noted that the City’s monthly reports through August 2011 show an available Enterprise Fund balance of \$994,064, with a net available balance after excluding the Mif Albright reserve of \$894,064, but Bob cautioned that we cannot rely on the accuracy of that figure because of charges that the finance department imposes after month end.

6. ORAL COMMUNICATIONS, NON-AGENDA (Public Comment)

None

7. OLD BUSINESS

None.

8. WRITTEN COMMUNICATIONS

Included in the Commission packet was a memorandum to the Finance Department showing a surcharge payment for August 2011 of \$13,420. The year-to-date to the General Fund is \$26,273 for FY 2011-12.

9. ITEMS FOR NEXT MEETING'S AGENDA

- Status Report on Long Term Lease, Mif Albright Negotiations, and proposal for Golf Complex reconfiguration by Ron Cowan and Harbor Bay Isle Associates, including Golf Commission recommendations, if any
- Update on Golf Complex Finances

10. ANNOUNCEMENTS/ADJOURNMENT

Chair Sullwold announced that the next regular meeting of the Golf Commission will be held on the second Tuesday in October, October 11, 2011, and will be held on the second Tuesday of each month thereafter. The meeting was adjourned at approximately 8:50 p.m.

The agenda for the meeting was posted 72 hours in advance in accordance with the Brown Act.

