

CITY OF COUNTRYSIDE

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Meeting Minutes Regular Meeting of the FLAGG CREEK GOLF COURSE ADMINISTRATIVE BOARD MEETING

Wednesday, February 19, 2020

7:00 PM

Flagg Creek Golf Course

Committee Members

Chairman – Michael Natale

Board Members – John Von Drasek, Jerry Welch, David Gallagher, Pat Gierut, and Michael Natale

I. CALL TO ORDER.

The Flagg Creek Administrative Board Meeting was called to order at 7:00 p.m.

II. ROLL CALL.**Present:**

Michael Natale, Chairman
Pat Gierut, Board Member
John Von Drasek, Board Member
Jerry Welch, Board Member

Absent:

David Gallagher, Board Member

Also present:

Billy Rosinia, Golf Course General Manager
Dave Schutter, Finance Director

III. ADDITIONS/CORRECTIONS TO THE AGENDA.

None.

IV. COMMENTS FROM THE PUBLIC.

None.

V. CONSENT AGENDA.

- A. Approval of the Regular Meeting Minutes from January 15, 2020.
- B. Review of the Paid Bills Report for the Period of January 1 – January 31, 2020.
- C. Review and Ratification of Donation Requests.

Member Von Drasek made a motion, seconded by Member Welch to approve the Regular Meeting minutes from January 15, 2020, the Paid Bills Report for the period of January 1 – January 31, 2020, and Review and Ratification of Donation Requests under the consent agenda. The motion carried by the following vote:

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

VI. NEW BUSINESS.

- A. Presentation of Revenue Share Statement for Video Gaming for the Period Ended January 31, 2020.

Finance Director Schutter stated that we netted \$5 as compared to \$100 last year. Due to lower traffic to the clubhouse the machines showed \$1600 less in total funds played versus the prior year.

B. Presentation of Financial Report for the Period Ended January 31, 2020.

Finance Director Schutter stated that we track green fees and league fees every month. Year to date we are over the prior year by \$12,000 and under budget by \$24,000. Total revenues came in over the prior year by \$26,000 and under budget by \$20,000.

In the golf course department we booked a lot of capital expenditures unbudgeted this year. We spent \$45,000 for the wireless connection to the city hall. The sidewalk replacement project was also completed in the fall. The bid was for \$34,000 and the final "as built" cost came in at \$31,000. Alderman Von Drasek inquired about the cost of the mud jacking on the other side of clubhouse. Golf Course General Manager Billy Rosinia indicated that it cost about \$700 and the contractors did a nice job eliminating any hazards.

Gross concession profits exceeded the prior year by \$7,800 and the YTD budget by just under \$11,000. Total expenses are now \$53,000 over the prior year and \$50,000 over the YTD budget. At least \$30,000 of this total can be explained by the previously noted unbudgeted capital expenditures. The YTD net surplus is coming in at about \$67,000 versus the prior year result of \$94,000 and the YTD budget of \$71,000.

Member Gierut asked about whether the annual contribution for intergovernmental risk (as contained in the paid bills report) was related to insurance. Finance Director Schutter confirmed that we are in a risk pool called the Intergovernmental Risk Management Agency ("IRMA"). Our premium has been declining due to the experience modifier. Our experience modifier was the highest in the pool last year at a reduction of 35% to our base premium.

C. Consideration to Increase Green Fee Rates for Fiscal Year 2021.

Finance Director Schutter stated that we have not raised the green fee rates since April, 2015 and the last increase comprised of a dollar across the board. Compared to other golf courses, we are still the lowest even with the dollar increase. The only category we are a little higher in is nonresident weekdays but even with the proposed increase it is very comparable. This rate increase could potentially bring in \$28,000 in revenue. Mr. Schutter said that he was conservative in the budget and put in 75% of the potential increase. Member Gierut asked why the proposed increase was across the board when the original discussion contemplated increasing the non-resident rate only. Alderman Von Drasek stated that one of the problems we are faced with is the minimum wage being raised. Mr. Schutter stated that the next increase will be in July. The hourly rate went from \$8.25 an hour (a few years ago) and it's now going to be \$13.00 in a few months. In addition to these wage pressures Finance Director Schutter discuss ongoing capital needs that could be partially offset with additional ongoing revenue generated from a rate increase.

Chairman Natale stated that we talked about raising the nonresident rates which represent about 80-90% of the rounds. We could leave the resident rate alone, and raise the nonresidents to \$2. Golf Course General Manager Rosinia said it's up to the board to make a decision – he further stated that he is in a price fight between comps on 18 hole

golf courses which are selling at \$25-\$30 rates during the week including carts. Mr. Rosinia feels that we do need a raise in fees, because they need to buy new equipment.

Chairman Natale asked Finance Director Schutter what the total bottom line for the minimum raise would cost for the year. Mr. Schutter said it would be at least \$10,000 to \$15,000.

Chairman Natale stated that if we want to think of this from a revenue perspective, the nonresident rate is going to be at 80% of the revenues. We have four options to choose from:

- Option #1 - \$1 across the board
- Option #2 - \$1 nonresident
- Option #3 - \$2 nonresident
- Option #4 - \$1 nonresident and \$1 for all carts.

Golf Course General Manager Rosinia's only concern is competing with other golf courses. Mr. Rosinia thinks that we could justify a \$1. Chairman Natale thinks the best option would be Option #4.

Member Von Drasek made a motion to do Option #4 which is a \$1 increase in all nonresident green fee rates, and a \$1 increase in cart fees, which was seconded by Member Gierut.

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

D. Discussion on FY '21 Budget.

Finance Director Schutter stated that there was a cost of living raise of 2% for full time employees. Health and dental insurance rates are projected to increase by 3% and 4.75% respectively. Seasonal wages in the golf course department are expected to grow relative to the \$1 increase in the Cook County minimum wage. Liability and workers comp insurance premiums have remained flat while claims activity has shown volatility. The City is allocating salaried personnel costs to the fund in the amount of just over \$48K to cover overhead for management supervision, payroll, accounts payable, and public works supervision. Allocated percentages have remained unchanged and continue to be 10% for the Assistant City Administrator, 20% for the City Accountant, 10% for the Finance Director, and 5% for the Public Works Director.

Revenue increases also budgeted relative to the proposed \$1 increase for all green fee rate types. Net green fees are budgeted at 75% of the gross potential increase. Total capital investment is budgeted at just under \$58K for the following items: \$15K to complete improvements to the golf pro structure, \$19K to replace the beverage cart and ranger cart (\$15K and \$4K respectively), \$10.5K for a new ice machine and primary bar cooler, and \$13.5K for a new greens mower and a mower deck. In golf course fund the capital expenditures exceeded \$100K in fiscal years 2016 and 2017 while the budget for fiscal year 2018 was paired back to approximately \$30K in emergency replacements.

Fiscal year 2019 incorporated improvements of approximately \$55K, which is more in line with the long run historical average for the course.

Chairman Natale inquired about the Board's ability to pass the budget when adjustments were proposed this evening pursuant to the Board's action on rate adjustments. Finance Director Schutter suggested that the Board approve the budget subject to incorporating adjustments for green fee and cart revenue and that he would make those adjustments and include in the next packet for informational purposes.

Member Welch made a motion to approve budget, subject to noted changes, and seconded by Member Gierut.

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

E. Rounds Report for January.

A total of 144 rounds were played in the month of January. This number is higher than last year by 91 rounds. Of the total rounds, there were 59 resident, 82 nonresident, 0 league, 9 outing, and 3 comps. The comp rounds consisted of 3 employees, 0 promotional, and 0 PGA/GCSA.

Member Von Drasek made a motion to approve the Rounds Report for January and seconded by Member Welch.

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

F. Staff Reports.

Golf Course General Manager Rosinia stated that all the LED lights and damaged acoustic tiles have been changed and repaired. Many areas in the building have been painted.

G. Other.

Golf Course General Manager Rosinia stated that the golf course is in need of a new shed. He priced one out at Home Depot - an 11' X 11' shed would cost just under \$5K. Mr. Rosinia state that he has an electrician that will run power to the shed and thought Public Works could pour the slab.

Mr. Rosinia stated Ken Malnar's direction with his business is moving into strictly a group environment for children. Ken is going to hire another golf pro and he will work for Ken. Finance Director Schutter asked if the golf course had anyone else that teaches lessons and couldn't we hire someone else? If Ken brings someone in that's revenue for him. We just get his rental payments.

Golf Course General Manager Rosinia stated that he's been working on looking for another golf pro. There's guys that only teach specialty areas. It's hard to find an apprentice that is willing to come in and do only adult lessons. Our agreement with Ken precludes other golf pros from teaching juniors.

H. Move to Executive Session.

Member Von Drasek made a motion to go into executive session, and seconded by Member Welch.

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

I. Reconvene to Regular Session.

Member Von Drasek made a motion to reconvene to regular session, and seconded by Member Gierut.

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

J. Consideration to approve the Flagg Creek Golf Course Administrative Board Executive Session minutes of January 16, 2019.

Member Von Drasek made a motion to approve the executive session minutes from January 16, 2019, and seconded by member Welch.

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

K. Next Meeting Date: Wednesday, March 19, 2020 at Flagg Creek Golf Course.

VII. **ADDITIONAL ITEMS.**

None.

VIII. **ADJOURNMENT.**

A motion was made to adjourn by Member Gierut, and seconded by Member Von Drasek that this meeting be adjourned. The motion carried by the following vote:

Aye: 4 Chairman Natale, Member Gierut, Member Von Drasek, Member Welch

Nay: 0

Absent: Gallagher

Chairman Natale declared the meeting adjourned at 7:42 p.m.

Approved:

Michael Natale, Chairman

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