

Val Halla Board of Trustees

Wednesday, July 20, 2011 at 6:00 p.m. to 7:53 p.m.

Council Chambers – Town Hall

Meeting Minutes

Present: Tim Moody, Rick Scott, Norene Ward, John Zappia and Bill Putnam

Absent: Paul Dugas, Steve Sloan, Judy Ingraham and Toby Young

Others Present: Alex Kimball, Finance Director, Bill Shane, Town Manager, Brian Bickford, Director of Recreation/Golf, Bill Stiles, Council Liaison, George Turner, Council Liaison and Cynthia Stennett

I. Welcome & Introduction of Guests –Tim Moody called the meeting to order at 6:00 and thanked everyone for attending. .

II. Approval of June 8 2011 Minutes – Tim Moody asked if everyone had an opportunity to review the June 8, 2011 minutes in their packets. Seeing that there were no corrections, additions or deletions, a motion to accept the minutes as written was made by Norene Ward and seconded by John Zappia.

VOTE: MOTION PASSED UNANIMOUSLY.

III. Val Halla Golf Association – In Steve Sloan’s absence there was no Val Halla Golf Association report.

IV. Public Comment – None.

V. Review of Revenue Reports – Alex brought the Board’s attention to the Val Halla 4-Year Expense Projections report that he had prepared for the meeting. He explained that he had prepared the report by using numbers anticipating where FY10-11 looks like it will finish and comparing those numbers against the FY10-11 budget and then projecting for the FY11-12 budget. He is projecting approximately a \$70,000 loss, excluding bonds and depreciation, which is a gain of about \$30,000 over last year. That being said, however, the revenues that were once in the Recreation Department are now showing up as Val Halla revenues, which accounts for that number. Alex did state that Brian has really grown these programs over the past few years and that it is now a significant revenue stream. In reviewing the numbers Alex reminded the Board that those numbers indicate a shortfall of approximately \$40,000 with a \$30,000 loss which brings the number in at \$70,702. Alex stated that the expenses are running pretty much on track, just a bit over, but the revenues are short by approximately \$80,000 which he feels is the real issue. He again stated that there is not an “expense problem at Val Halla”, but there is a “revenue problem”. Alex stated that Val Halla is just not generating the amount of revenues that had been hoped for and that is the basis of the problem.

Alex stated that the projections for next year are based on the actual numbers for FY 10-11 combined with some of the changes that will be made next year, i.e., income from Rachel's on the Green and electricity/lighting costs for the tennis courts and salary changes, which indicates a \$55,000 loss for next year.

Brian reviewed the handout he had prepared for the Board, which states that Val Halla continues to lose money from operations and has been doing so for the past five years. He is projecting a loss of approximately \$56,000 during FY 11-12. Brian also reviewed the sources of revenue which indicate a decrease of about 1%. He reported that although membership revenues have grown by 8%, greens fees and golf carts have decreased by 6% and 11% respectively. Brian also reported that the entire golf industry has seen a 3-4% decrease yearly in volume and revenues where Val Halla's revenues have remained fairly flat.

Brian reported that there has been a fairly significant turnover in memberships over the past several years. In the next section of the handout, Brian addressed the three key rates that golfers look for when making a decision of whether or not to purchase a membership, i.e., the Single Membership, the 18-Hole Cart Rate and the 18-Hole Non-Resident Weekend Greens Fee and the combination of the two. Brian brought the Board's attention to the graph containing the comparisons of fee information to the other courses in the area. Brian reported that about half of the membership joins in the Fall and the other half joins in the Spring. The information on the graph indicates that Val Halla's membership rates are similar to those of Riverside, but significantly less than Toddy Brook, Spring Meadow and Nonesuch. Brian referred to Board to the page in the packet which details the information of Val Halla members by Town in a 10-mile radius. The information indicates the most of the membership come from Cumberland, but there is also a significant number from Yarmouth and Falmouth.

Brian brought the Board's attention to the graph detailing the information for the 18-Hole Greens Fee rate where the breakdown was \$35 for Val Halla, \$34 for Riverside, \$39 for Toddy Brook, \$43 for Spring Meadow and \$40 for Nonesuch. He also reviewed the 18-Hole Riding Cart where Val Halla is \$18, Riverside (Non-Resident) is \$16, Toddy Brook is \$20, Spring Meadow is \$17 and Nonesuch is \$16.

Brian stated that in reviewing this data with Alex they felt that it would be necessary to implement an approximate 10% increase in order to achieve a "break even" status. He further explained this by stating with a total revenue projection of \$585,000 and an operating loss of \$56,000, a 10% increase would bring in an additional \$58,500 in revenues.

Based on this information, the recommendation is that the Fall Rate of \$749 be increased to \$850, a \$101 increase, and the Spring Rate be increased from \$849 to \$960, a \$111 increase, with all other rates being adjusted accordingly. Brian explained that they would also like to move to a Spring/Fall rate and a Summer rate, which would result in slightly lower rates in the Spring and Fall and higher rates in the Summer. He also stated that they would like to increase the Twilight rates slightly to address the volume issues. Brian stated that when Alex ran these numbers he felt that this should allow Val Halla to reach a "break even" point with these proposed changes.

Bill Stiles indicated that he had major concerns based on how many rounds an average member plays and there was quite a bit of discussion about how many other folks might have the same issues and Bill Stiles indicated that he felt that some members would choose not to join, particularly in these tough economic times. Bill Stiles stated that he felt that there has to be some type of additional value added as an incentive to purchasing a membership at Val Halla and reiterated that his concern was that we “force a stable membership out” by raising the membership rates. Bill Stiles brought up the other uses of Val Halla during the off season and emphasized the added value offered by having the course available for use by residents during the off-season.

Norene asked about whether or not Brian was planning on offering the “No Risk Membership” again and stated that she felt this was an added benefit for members. She indicated that she did not think we would have such a severe problem if it were not for the state of the economy.

George Turner stated that he is aware of the fact that the deficits have been huge in the past at Val Halla, but added that he doesn’t think that it should be expected to bring the deficit to zero in a year and added that he felt that to be able to cut that deficit in half would be a significant achievement, particularly in light of the difficult economic times. He reiterated that he agreed that Val Halla had been subsidized way too much in the past.

Bill Putnam stated that he agreed that something needs to be done to raise revenues. He expressed concern that a significant number of members may be lost if the membership rates are increased. He brought up the issue of what the benefits of membership at Val Halla are that will make people want to become members and also suggested that the issue of resident/non-resident rates be considered. He did state that the \$75 credit was a benefit, but was not perceived as one by many folks. Bill indicated that he did not have a problem with the 10% increase, but he does feel it will cost the loss of some members.

Alex brought up the issue again of the rating agencies and the fact that Val Halla has to pull its own weight and the importance of the enterprise fund breaking even. Bill Shane stated that he feels that the increases have to go forward and stated that we have to get back to reality, stating that these increases are less than what they were in 2003. He also stated that he does not feel that we will loose a large number of members if the membership fees are raised. Alex stated that if raising the rates causes a massive exodus of members, that is an indication that Val Halla’s position is extremely weak.

John Zappia stated that he feels it is an industry problem and indicated that he feels that maybe we should look at taking two to three years to reach the break even point. Alex stated that he feels it is a mistake to think that by doing nothing, the numbers would improve.

Norene asked what the expectation of the Council was insofar as the Board is concerned and Bill Shane indicated that it is the Board’s fiduciary responsibility to get as close to the \$55,000 break even point as possible, especially now that we have had a downgrade on our bond rating, which impacts everything that is done in the community, not just Val Halla and it costs every taxpayer in the town money. He also reported that there are between 270 – 290 golfers joining every year. Bill Shane also expressed concern about needing to fend off privatization of the course. John

Zappia reiterated the question of what the Board's charge was and Bill Shane stated that the budget must be balanced this year.

Tim stated that he feels Val Halla will never achieve a balanced budget and this is just an indication of the state of the industry and the economy based on the fact that there are so many courses in this area. He also stated that the increase may bring us closer to achieving the goal, but he feels that some members will be lost. Tim stated that maybe a closer look should be taken at guests playing with a member for \$25 and whether that was a potential loss of membership revenues.

Bill Stiles stated that he felt that no one had calculated the losses due to implementing these membership increases. Brian spoke about the possibility of new memberships from the Wine & Nine Programs and Junior Golf Programs.

George Turner stated that he felt that the loyalty of members to the Club was not being taken into consideration during this discussion. He further stated that he does not think that a fee increase will cause that many members to leave Val Halla.

John Zappia made a motion to approve Brian's proposal for fee increases as detailed in his handouts for the Board meeting. Rick Scott seconded the motion with additional discussion being allowed. As part of that discussion, Norene made an additional motion that suggested that a discounted resident rate of \$50 be offered. Tim asked whether Norene felt that there was a value in the \$75 resident rate and it was decided that the \$75 resident credit be advertised on the new rate sheet. There was some discussion by the Board of who would be eligible to receive the \$75 credit. Norene decided to withdraw her motion regarding the resident rate deduction of \$50. After completion of the discussion, the original motion made by John Zappia and seconded by Rick Scott to approve the rate increases proposed by Brian was approved.

VOTE: MOTION PASSED UNANIMOUSLY.

A motion was made by Rick Scott and seconded by Norene Ward to include all taxpayers as eligible for the resident discount at Val Halla.

VOTE: MOTION PASSED UNANIMOUSLY.

VI. New Business:

a. Business Reports:

I. Department Reports:

1. Brian Bickford – Pro Shop

Brian brought the Board's attention to the handout he had prepared from the Tee It Forward Committee and reviewed the information that he had included in their packets and there was some discussion regarding the information.

2. Toby Young – Course

In Toby's absence, there was no course report.

Old Business – Rick Scott brought up the issue of the run-away cart and there was some more discussion and questions raised regarding the issue of the run-away golf cart and the Board is requesting a formal report on what happened and the circumstances surrounding the incident. It was requested that information/report be presented at the next meeting.

John Zappia stated that he would like to know how Brian followed up with the people who had not paid. Brian will be asked to address this issue at the next meeting.

Bill Shane stated that he felt that the behavior of guests needs to be addressed at the golf course and reiterated that he feels if anyone witnesses this type of behavior, they should address it at the time of the incident. He suggested that the rangers need to have a better handle on these situations.

VII.Final Public Comment – None.

VIII.Adjournment, next meeting, Wednesday, August 10 2011, 6:00 p.m. in the Junior Room at Val Halla. A motion to adjourn was made by John Zappia and seconded by Rick Scott. Meeting adjourned at 7:53 p.m.

VOTE: MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Cynthia A. Stennett
Recording Secretary