

Golf Advisory Committee Special Meeting Agenda

Thursday, January 7, 2020 4:00-5:00 P.M.



Members Present: Dale Goter, Nile Dillmore, Richard Schordorf
Members Absent: Tom West, Corey Rainwater, Eddie Fahnestock, Kyle Ellison
City Staff: Troy Hendricks (Golf Division Manager), Shana Appelhanz (Assistant Golf Manager), Rowan Ullman (Account Clerk), Mark Manning (Director of Finance), Jordan Torres (Budget Analyst), Emma Li-Wormington (Park and Recreation Accountant)

<u>Item</u>	<u>Description</u>
	<p>Call to Order Eddie Fahnestock, Chair- Since Eddie Fahnestock was running late the meeting was called to order by Mr. Troy Hendricks at 4:07PM.</p>
	<p>Announcements There were no Announcements.</p>
	<p>Public Comments No Public Comments were received.</p>
1	<p>New Items for Consideration Comments concerning New Items on the agenda can be emailed to WichitaParkandRec@wichita.gov no later than Monday, January 4, 2021 by NOON.</p> <p>A. Review as taxes collected surrounding Auburn Hills</p> <p>Mr. Hendricks opens the meeting by describing the objective, which is to discuss the property tax values of the 2 square mile section bound by Maple, Kellogg, 119th and 151st. He then turned it over to Mr. Manning.</p> <p>Mark Manning began first by introducing Jordan Torres, a Budget Analyst who is working on some Golf Division projects. The then moved to referring the one pager he sent previously discussing the summary of initial assumptions and property tax performance. He then opened the conversation to the committee for questions.</p> <p>Dale opens the conversation with the question, that when this project began it was on a repayment schedule with the increase in property tax for the first \$2 million. Dale asked if that procedure had been kept in place, when the debt would have been paid off. Mark stated that this information was in the report, it would be paid off in about 10 years in 2008. Mr. Manning then found the paragraph and quotes it “In fact, within 10 years the cumulative ‘increment’ had generated a sufficient amount to offset the \$2 million in GO debt.” Dale said that doesn’t tell</p>

him how to offset the rest of the debt. Mr. Manning apologizes and stated he misunderstood Dale's question. Dale stated that the plan worked great to pay off that portion of the debt. He then asked if that had been left in place, when the debt we are looking now have been paid off. Mark said the question would be what is the cumulative increment since 2008, and does that equal the cumulative 5.8 million in the Golf Debt Service Fund. He said he can answer that quickly by running a report, and Dale said he didn't have to do that because clearly it could be said it would have been met at some point. Mark agreed and said by looking at the increment in 2008, it was \$500,000 which was 12 years ago. If you take the increment (which has grown since then) and multiply it by 12 years then it definitely would have. Dale then for the committee then maybe that is what needs to be brought to council then that this is a simple matter of continuing a successful strategy that paid off the first \$2 million, and had it been left in place we wouldn't be having this discussion today. Richard said that after looking at these figures, and the rate being up to \$1.2 million he agrees. The homes going in there now are far in excess the value of the homes that went in there originally. They are no at about a half million or \$700,000 homes. That number will increase dramatically. His point is if they had just left it at the \$500,000, and taken off that debt service each year, the debt would have been paid off about 2 years ago. They would also still be bringing in more than they had planned on bringing in at the beginning.

Dale agrees with Richard, and stated he checked on the value of the lots that are currently for sale in that area and they are going for about \$180,000 to \$200,000 per lot. Greg Ferris told Mr. Goter that when those developments were first starting the lots were going for about \$10,000-\$15,000 per lot. That is a tenfold increase. Mr. Manning said if they are interested in that data, that his report shows the average taxable value for a house is about \$244,000. This is way higher than the average in the City of Wichita. Dale stated that Mark explains he does not do policy, but if the committee is to raise an argument that makes financial sense then is it logical to say, if the procedure had been left in place that paid for the first \$2 million then we wouldn't be having this discussion. Mr. Manning said that he would agree with Mr. Goter that the property around Auburn Hills Golf Course has produced equal to and excess of what was originally projected when it was built, and that the policy was that the amount captured would help in offsetting the debt. He is not saying that is the right decision, or contrary to what the council approval was in 1997 but he believes that is factually true.

Dale asked another question that may not be so easy to answer, the golf course is an anchor for that development, is there a way to quantify how important the golf course is to sustaining the value of those properties. Mr. Manning said that is a fantastic question, however he does not know how to pull that information or how to quantify that information. Nile said that the golf course is not going anywhere, and Dale made the statement that Clapp went away, it can happen. Richard said there is no way you can provide a reliable evaluation on what the property would be worth with or without the golf course. From a practical stand point it might be better to go back to the point of what the City was forecasting at that time, which

was to sell approximately 500 lots for about \$140,000 per house. That was based upon the projected cost of the golf course, now the golf course cost a lot more than projected which was caused by the City not working out an agreement with the Federal government about the wetlands the golf course was being built on. It sat idle for almost a year, which ran costs up with the contractor. They also fired the golf course Forman which caused a problem in keeping costs down. Richard states that because of these cost increase being what was projected at the original estimate (7million), the City is trying to make the golfers pay for problems that were not the golfer's own making. Dale stated that is an excellent point, and that possibly it can be said that paying this off does not necessarily need to fall on the golf course as it does to the City. Dale asked Mark Manning if that argument makes logical sense. Mr. Manning stated that he does not agree with anything just said but that was his personal opinion. Dale asked why? Mr. Manning said it is not the property owners who are paying the property tax, fault that the golf course cost more than expected. Additionally, the initial estimate was \$4.7 million. Dale then asked what caused the over run? Was it the City that initiated that? Mr. Manning stated he didn't want to disagree with Richard, but he thinks a lot of it had to do with the scope of the project. Richard stated he has looked into multiple other courses and their cost, and none of the cost nearly as much. Sand Creek Station is one, and they had a ton of issues while building, but the average cost of building a golf course of that caliber is \$7 million. Dale then stated that is an argument that could be taken to Council land the Park Board. Sand Creek Station is a good comparison, he had a conversation with the City Manager about how they are paying for the golf course using the increase property tax revenue coming from the residential area around it. This strategy has proven successful, and they didn't cut it off at \$2 million, if we simply did the same thing we wouldn't be having this meeting. Mr. Manning stated that if Richard wanted his questions answered he could ask Mr. Ferris since he was involved with the development out there. Richard stated he has talked with Mr. Ferris and he agrees that the issue with the federal wetlands caused major issues, because along the fourth and fifth fairways there cannot be a bridge and the third hole as well. Then the federal government walked away from the whole wetland idea, now they've mowed it down and golfers hit in and out of it. The bottom line the communication between the federal government and the manager of the construction of the course was poor.

Dale made the comment that there are only three members of the GAC on the call, so there is no quorum to make any motions or votes. He stated that there are some members who have now missed three meetings in a row. He thanked, Nancy Knopp his appointee for the GAC, for attending the meeting. He thanked Mr. Manning again for providing the information. Mark said Mr. Goter was welcome, and while they all may not agree on the policy aspect he is here to provide numbers when he can. Mr. Manning also talked with Mr. Houtman and he will now be running the financial information for the Park Board and GAC. Dale asked if Mark was going to the Park Board meeting, and Mr. Manning said he can if needed and if he was invited.

	<p>Mr. Goter said the GAC meets in a regular meeting in a couple of weeks, and asked when it is scheduled, which is January 26th.</p> <p>Mr. Hendricks stated that golf division is working on the list of those GAC members that have been absent, so it can be discussed in the next meeting. Mr. Hendricks stated that he was asked by Mr. Houtamn to let the committee know the second week of the second round of furloughs that started in January has been cancelled. All employees will only have to furlough one week, the finance department (even though they have not closed the month or year out yet) they were able to do some projections and are able to project the division will end the year on the other side of \$300,000. This news was shared with staff yesterday. Mr. Goter said he assumes it will be discussed in tomorrow's Park Board meeting, but why the numbers are different when they come from Mr. Manning and Mr. Hendricks. That's why he would like Mr. Manning at the meeting. Mr. Hendricks stated that the Park Accounting team has pulled those numbers from the Performance system and the MUNIS system, so if there is a difference it has to be that there are different ways the Park Accounting team is pulling numbers and Mr. Manning is pulling numbers.</p> <p>Mr. Dillmore stated the biggest take away is that the committee has confirmed with Mr. Manning that the evaluation of the numbers is that Auburn Hills has increased the revenues over and above what Auburn Hills cost to build. Mr. Manning said that is undisputable. Nile sated that it is critical to get Park Board and City Council to understand this when discussing the golf division. Dale said he would represent that at the Park Board meeting tomorrow. Nancy Knopp asked if Mr. Manning could put this information on his letterhead so it could possibly have more weight in a discussion. Mr. Manning stated that after he fixed the error in the title he could send it to the Park Board, and since it has Department of Finance at the bottom, they will know where it came from. Dale agreed and asked Mr. Manning to draw something up to state the single point that the tax revenue had brought in enough that the debt has been more than paid for and if he could identify when that occurred that would be great. Mr. Manning said really what is being asked for is the cumulative total of all the bars in the graph on the one pager. Mr. Manning said the caveat is that everything here is built on assumptions.</p> <p>Mr. Goter stated that he does not know if there is the enthusiasm on the Park Board as there is on this committee to get this changed. Nile stated it is not so much a change to policy that is being looked for but the merely make the statement that Auburn Hills has more than paid for itself and to hold this debt over its head is a fallacious argument. Richard said thinking about the argument, the bonds were paid off. There is no debt. Dale said he will makes that point, it needs to be communicated to the council. It's so in the weeds to the general public, they don't understand it.</p>
2	Adjourn Meeting was adjourned at 4:43 PM.