

**Wicomico Shores Golf Course Advisory Board
Special Meeting Minutes
Wednesday, March 3, 2010**

MEMBERS PRESENT: Jim Hodges, Chairperson; Bob Richardson, Vice-Chairperson; Patrick Dugan, Don Nolan, Wayne Pettit and Gloria Tippet.

MEMBERS ABSENT: Phil Cranford.

R&P STAFF AND OTHERS PRESENT: Phil Rollins, Director, Recreation and Parks, and Pat Meyers, Golf Course Manager. Citizens who signed the attendance sheet were: Bill Mattingly, Ebie Cooper, John Parker, Jerry Slagle, George Tatlow, Sandy and Paul Callanan, Alan and Glenda Lane, Julian Gayle, Greg Maxwell, Ray Hogan and Chico Rivers. Jason Babcock, from the Enterprise Newspaper, also attended.

CALL TO ORDER

The meeting of the Wicomico Shores Golf Course (WSGC) Advisory Board was called to order at 5:30 p.m. at the Clubhouse.

APPROVAL OF MINUTES

These minutes, and the minutes of the January 13, 2010, will be considered for approval during the next Board meeting.

STATEMENT FROM THE CHAIRMAN

Jim Hodges, Chairperson, read aloud a statement he prepared on behalf of the Board regarding the purpose of the meeting to discuss privatization as an option for operation. He stated that the entire operation needs to be looked at for many reasons. The reasons he cited were:

- Since middle of 2009 the Board has been concerned about the profitability of the food, beverage and banquet operation.
- He cited an August 2009 email from the Department Director stating that there was a projected deficit of \$367,714 that left us with no reserves.
- Prior to the meeting of January 13, 2010 the Board was given a projected spreadsheet with revenue and expense comparisons for the last six months. From July 1 through December 31, 2009 the net loss was shown as \$23,242 for the entire operation.
- In 2007 the Board originally recommended the food and beverage operation be expanded to a café style operation, that it be self-operated by Recreation and Parks, and that a qualified Supervisor be hired to manage the operation.
- Now we are back to a food, beverage and banquet style operation with no qualified and experienced Supervisor because the Supervisor's contract was not renewed.
- Only one liquor license can be held at the property (same licensee for the food and beverage operation as the golf course).
- We believe we are virtually out of reserves and any other funds needed would need to come from the County. We have always been proud that no County tax dollars have supported the golf course.
- Concerns were noted from the Senior Blitz group: number of senior members playing golf; and it took months for staff to agree to serve breakfast.

- Cost of new gas powered carts to be delivered around April 1st. Staff made a decision during construction of the new facility that they would not fully convert the facility to allow for the use of electric carts.
- Lack of promotion and marketing (example: Wicomico Shores homeowners).
- Could there be more tournaments.
- Other concerns: quality of food, prices, and is there enough money being spent to maintain the golf course.

He stated “we need to find ways to make this entire operation profitable.” This is a very complex operation and we won’t figure out all the solutions tonight. The Board of County Commissioners (BOCC) makes the final decisions on matters affecting the golf course. All here will have the opportunity to express their views.

OPEN DISCUSSION ON PRIVITIZATION OF OPERATIONS AT WICOMICO SHORES GOLF COURSE

Chairman Hodges opened the discussion to staff, Board members and the general public. Wayne Pettit reiterated they are an Advisory Board to the BOCC. They are the eyes and ears of the BOCC and all decisions are made by the BOCC. Patrick Dugan stated that, as far as privatizing goes, he thought the issue was “shot down” because of the requirement that the food and beverage liquor license and the golf operation liquor license must be held by the same entity. There can only be one license for the property. Chairman Hodges stated that it’s permissible for an organization to get a one day license to have alcoholic beverages on the golf course for tournaments and that should be considered.

An attendee stated “before we even talk about privatization, we should talk about marketing.” This is a great golf course; we need a nice sign out on the main road. Chairman Hodges stated that “we need to get this banquet facility going and increase the bar business, and so forth and so on.” “What I’m wondering about is where the money is coming from; we are out of money is what I understand.” Director Phil Rollins stated that’s not the case. There’s no question last year was a difficult one with opening the new facility, start up costs and unknown expenses. It was a difficult golf year with revenues down about \$40,000 from last year due to the economy and we experienced one of the wettest spring seasons on record. Staff has made adjustments to help alleviate this situation; the Food, Beverage and Banquet Supervisor’s contract was not renewed and the food and beverage operation has been scaled back to cater more to the golfing public. The County has been managing the golf course since the late 1980’s and the golf course has never had County tax dollars subsidizing the operation. Staff feels that the changes being made in the operation will eventually get the course back to a profitable situation. According to the County’s most recent audit report, the golf operation has a fund balance of about \$138,000 for this fiscal year. Staff is hoping for better weather this spring and for a break even situation for the current fiscal year.

Chairman Hodges stated that he based his fiscal concerns on previous communication from Mr. Rollins indicating the golf course was out of reserves and operating at a loss. Mr. Rollins clarified that what was presented to the Advisory Board last summer was an unaudited financial report; the final audit takes many factors into account (depreciation, inventory and miscellaneous equipment) and reports a \$138,253 fund balance. However, for the past six months, the Department’s estimates show the course operated at a deficit of about \$23,000; historically, the deficit increases over the winter, but that’s usually overcome in the spring. It’s important to recognize the audit numbers are the final numbers.

Wayne Pettit stated that he was on the Advisory Board in the late 1980’s when the sitting BOCC

considered selling the golf course; he was opposed to that option. "If we can get by without privatizing, that's good." The golf course was making money and never used taxpayer dollars; and that's how it should continue. He stated that golf revenues should be used at the golf course and not for other projects.

Mr. Rollins stated the privatization option came up during a recent BOCC meeting when staff presented the renewal of the alcohol beverage license. The license is held in Mr. Rollins' name. Commissioner Jarboe has always been consistent with saying the County should not be holding a license to sell liquor at the facility. Staff recently learned that only one license can be held for both the food and beverage operation and the golf course. You would have to privatize the entire operation to continue to have beer out on the golf course. Commissioner Jarboe made a motion to explore privatization for the entire facility; however, the motion failed as there was no second. A couple of Commissioners specifically expressed the opinion that the golf operation has been successful over the years and did not support privatization of the whole operation at this time.

Bob Richardson stated that the BOCC is probably aware of the situation in Calvert County when they privatized Chesapeake Hills; he thinks the operation has not improved at all.

Chairman Hodges quoted an Enterprise article from February 10, 2010 where Commissioner Russell was quoted as saying "it's time to start looking at all other options." Mr. Hodges stated "now that tells me that we've got to look at everything." Mr. Rollins stated that some of this discussion occurred before the motion was made.

A citizen who lives on Golf Course Drive provided a description of his experience with communication with staff and noted that good customer relations go a long way. He thinks the food and beverage operation can be left the way it is and make money with better public relations. Greg Maxell agreed with the gentleman who just spoke about the importance of good public relations and consistency.

Chico Rivers, who lives on Aviation Yacht Club Drive, stated the BOCC formed the Advisory Board to advise them. He said if this Board was to make a recommendation the Commissioners they would take it more seriously than one person making a recommendation. "If you go back when this place was first planned, it was recommended to have a café type of operation to service the golfers and community. Later staff changed that to a full service restaurant, and now it's coming back to what we recommended in the beginning." "The Government is not known for running a business; they collect taxes and provide services. Not having any money to invest back into the golf course is a serious situation."

Bill Mattingly of Chaptico asked if there have ever been any problems or complaints as far as the liquor license is concerned. Manager Pat Meyers stated there have been no problems. Then Mr. Mattingly asked what Mr. Jarboe's rationale is about the County not holding the license; Mr. Rollins stated that could be philosophical opposition. Mr. Mattingly stated the Chairman's opening statement was "pretty strong" and was Mr. Rollins aware of that statement? Mr. Rollins stated that he was not. Mr. Mattingly stated that Mr. Rollins should be provided a copy of that statement as he came in late and he should be allowed the opportunity to address those statements. Chairman Hodges agreed to provide the statement to Mr. Rollins and anyone else who would like a copy. Mr. Richardson noted that the Advisory Board was not given a prior copy of the statement, so technically it's not a Board statement. Chairman Hodges stated the statement summarized prior agreed upon communication sent via email to the Board. Patrick Dugan stated they are not saying the statement is right or wrong, just that they didn't see the statement before it was read. Chairman Hodges asked Mr. Richardson and Mr. Dugan if they

agreed with the facts in the statement; they said they aren't disagreeing, just that they needed time to review it. Chairperson Hodges subsequently requested that staff email his statement to Board members and that it be filed in the official minute book, attached to these minutes.

Jerry Slagle stated that he was familiar with the golf course years ago when Bob Bowes ran the facility and when "the County found out he was making \$120,000 a year they got rid of him." He said "what are we going to do with this facility;" and we've lost tournaments. Mr. Richardson stated now that you can bring in your own caterer for tournaments and banquets that might change. We need to market the facility to bring in more events. Mr. Slagle noted the condition of the golf course is great.

Sandy Callanan lives on the golf course and thinks the key is not privatization but advertising; she has had good food and service at the facility. Some of her acquaintances are under the impression this is a private country club and not a public facility.

A citizen from Golf Course Drive stated that he's always heard the golf course has paid for itself. He asked why we can't have two liquor licenses; Mr. Rollins stated that's the way the regulations are written. This citizen stated it would be a mistake for the County to turn the management of the golf course over to a private organization. But in his opinion, the restaurant food needs some work and that might be privatized.

Another gentleman spoke and said the food is not bad, but the staff is excellent.

Mr. Rivers stated that there's not a lot of room for error as the debt service has to come off the top of the operation. If the taxpayers have to start subsidizing the golf course then the BOCC will need to look at other options that work.

Mr. Hodges noted that these are tough economic times and "there's not a golf course in the world" that's not feeling the pinch; coupled with one of the worst winters we have ever seen.

Mr. Rollins stated that last year the restaurant operated at a deficit of \$79,000. The Riverview opened in October 2008. Between that time and January 2009 the restaurant operated at a deficit of about \$75,000; from July 2009 through February 2010 the deficit is \$36,000. His point was that staff has made some changes and the deficit should go down. An attendee suggested advertising specials on the Homeowner's Association sign. Mr. Rollins agreed that more needs to be done with advertising. The current advertising budget is \$7,000; Chairman Hodges didn't think that amount was sufficient for the entire operation.

Mr. Rollins agreed with Don Nolan in that this is a very tough time for restaurants; he cited two or three restaurants that have gone out of business in Solomon's as well as Corbel's in Leonardtown.

John Parker, from Charlotte Hall, asked if Ms. Meyers had an update on fees for next year. Ms. Meyers stated that cart fees will not increase this season; golf fees will go up as part of a phased increase that was approved last year.

Mr. Slagle asked if an assistant golf pro would be hired; Ms. Meyers stated that an hourly golf shop employee, with a golf background who can give lessons, will be hired. This was a previously approved position that is being filled. He also stated that when the government gets involved, they usually don't do a good job. Mr. Rollins stated we've been doing it successfully for twenty years. Mr. Dugan stated that we are here tonight to gather information to move forward.

Another citizen stated that he thinks when the weather picks up, business will pick up; what we need to be concerned about is the restaurant. A good menu and advertisement in local papers and signage will help.

A resident from Maddox stated that he's played at the course for about twenty years and has watched many positive changes occur over the years. He agreed the golf operation is great; and maybe the restaurant needs some help with advertising. It would be good to have nice place to eat and not have to drive to Leonardtown or Waldorf.

Mr. Rollins stated that by eliminating the salary of the Food, Beverage and Banquet Manager about \$60,000 will be saved (salary and fringe benefits). Staff has recommended to the BOCC to decrease the fees the County charges the golf course associated with the Director's time and other staff time which results in an approximate \$27,000 savings. Efforts to promote and market the restaurant, new menu and banquets will be stepped up. Weddings and receptions will bring in their own caterers; golf events have the choice of having the restaurant provide food or bringing in their own caterers. Mr. Dugan also suggested a post card marketing campaign to residents of Wicomico Shores. Some said the greatest marketing is word of mouth. Gloria Tippet stated that consistency of the food quality and service is also important. Chairman Hodges asked if Kim Cullins, Museum Division Marketing Specialist, has had the time to help with marketing. Ms. Meyers stated that she met with staff and provided input on making some changes to the website (which have been done) and suggestions for some ads (Enterprise wedding guide ad was placed).

A citizen asked about the number of restaurant staff; Ms. Meyers stated that the staff consists of two senior cooks and two apprentice cooks, with varied shifts. She is advertising for part-time summer help. A citizen asked if the Food, Beverage and Banquet Manager position is still active; Mr. Rollins stated that the contract was not renewed and the position will not be filled due to fiscal constraints. The restaurant still has a full-time Food and Beverage Supervisor, who's been on staff or 20+ years. The same citizen stated the food and beverage operation needs to be operated like a business.

Chairman Hodges referred to Mr. Rollins previous email message regarding how other golf courses in the state of Maryland operate. Mr. Rollins reported that there are nine counties and four municipalities around the state that operate public golf courses. Seven of these self-operate their golf course and the food and beverage operations. Two counties operate under a revenue authority (quasi-government entity) that manages multiple golf courses; the City of Baltimore also does that. Two counties, Anne Arundel and Howard have privatized their entire operation. There isn't any operation that has privatized the food and beverage and self manages the golf portion. The City of Rockville has a contract golf professional that receives a percentage of the gross revenue from the snack bar, pro shop and driving range fees. St. Mary's County operated under a similar situation; that was changed in the mid-1990's. The City of Frederick has a similar operation to St. Mary's County.

Chairman Hodges talked to the management at Chesapeake Hills, which has modeled their operation after Wicomico Shores. Chesapeake Hills has a manager and assistant manager under the County merit system. The manager is also the golf pro who teaches lessons. Tournaments can get a one day license for alcohol and can bring their own sodas, water and other refreshments. Chairman Hodges stated that White Plans golf course allows this also. This facility also has a golf pro and staff is under the merit system. Private courses, Marilton, Holly Hills and Swan Point, have sports management companies that run their entire operations.

A citizen who plays golf at Fredericksburg, Swan Point and Chesapeake Hills spoke and did not support privatization. He thought the conditions would not be as nice; he expressed support for Jim Farren and his greens staff at Wicomico Shores.

SCHEDULING THE NEXT MEETING

The next meeting of the WSGC Advisory Board will be held on Wednesday, April 14, 2010, at 6:00 p.m. A brief discussion will be held summarizing tonight's meeting.

The meeting concluded at approximately 7:30 P.M.

Kathy Bailey, Recorder