OAK HILLS PARK AUTHORITY
SPECIAL MEETING
FEBRUARY 2, 2012

ATTENDANCE: Bob Virgulak, Chairman; Paul Cifatte, Ralph DePanfilis, Shannon Giandurco, Clyde Mount,

STAFF: Tom Vorio, Interim Course Director; Adam Schauer, Assistant Golf Course Superintendent

OTHERS: Walter Englert, CPA; Robert Baron, Director of Budget Management City of Norwalk (7:45 p.m.)

CALL TO ORDER

Mr. Virgulak called the meeting to order at 7:00 p.m. and stated that this special meeting was called for the purpose of discussion and approval action of the rate structure and the budget projection and five-year plan.

2012 Rate Structure

Mr. Virgulak asked for the Marketing Sub-Committee to present the proposed rate schedule, and Mr. Mount stated that he and Ms Giandurco met to develop a strategy to increase revenue in a fair approach. Mr. Mount gave a background overview and stated that as a result of the public information sessions, many comments were taken into account regarding trying a new structure for the rate schedule. He explained they looked at new and creative ways to promote the course and to increase membership and participation in programs; and as a result the following new categories were added into the rate structure:

Junior membership resident cards,
Resident family membership cards
Employee non-resident card and property owners (City employees)
Non Resident membership cards (including junior non-resident)

Mr. Mount explained that the rate structure accommodates the objective to increase revenue while keeping the rates at a reasonable level so as to be fair and not prohibitive to the demand of the market.

A few members of the audience requested to ask questions and Mr. Virgulak stated since this was a special meeting, only items on the published agenda can be discussed and there would be no public participation. He added that there have been many opportunities for the public to voice comments and the Authority has heard the concerns and what is being presented tonight is a result of taking those comments into consideration.
Mr. Virgulak requested the proposed rate structure to be incorporated into the minutes as follows:

*AMENDED THE INCREASE
*$65 -> 75
#55 - 65

Oak Hills Park Authority
Rate Card for 2012 Season

ID Cards

	JAN ~~Before~~ April 1	After April 15	After September 1	
Resident Card	$ 65.00 *	$ 85.00	$ 45.00	
Resi Card Renewal	$ 55.00	$ 75.00	n/a	
Junior Resi Card	$ 30.00	$ 50.00	$ 25.00	new idea
Resident Family	$ 130.00	$ 170.00	$ 100.00	new idea
Employee Non Resi Card AND Prop Owners CITY EMPLOYEE	$ 100.00	$ 120.00	$ 60.00	new idea
Non- Resident	$ 200.00	$ 250.00	$ 150.00	new idea
Non Resident Jr.	$ 75.00	$ 100.00	$ 50.00	new idea

	Weekday			Weekend		
	First T Time	Noon or Later	4PM or later	First T Time	Noon or Later	4PM or Later
Greens Fees						
Start t-times						
Resident over 17	$ 28.00	$ 22.00	$ 18.00	$ 28.00	$ 22.00	$ 18.00
Senior 65+	$ 17.00	$ 14.00	$ 14.00	$ 28.00	$ 22.00	$ 18.00
Junior Under 18	$ 14.00	$ 14.00	$ 12.00	$ 15.00	$ 15.00	$ 13.00
Employee	$ 28.00	$ 10.00	$ 10.00	$ 28.00	$ 10.00	$ 10.00
Non Res with Card	$ 35.00	$ 26.00	$ 22.00	$ 35.00	$ 26.00	$ 22.00
Non Res without card	$ 53.00	$ 34.00	$ 26.00	$ 53.00	$ 34.00	$ 26.00
Resident 9	$ 20.00	$ 20.00	$ 20.00	$ 21.00	$ 21.00	$ 21.00
Senior 9	$ 12.00	$ 12.00	$ 12.00	$ 21.00	$ 21.00	$ 21.00
Junior 9	$ 10.00	$ 10.00	$ 10.00	$ 11.00	$ 11.00	$ 11.00
Non Res 9 with card	$ 25.00	$ 22.00	$ 20.00	$ 25.00	$ 22.00	$ 20.00
Non Res 9 without card	$ 35.00	$ 28.00	$ 24.00	$ 35.00	$ 28.00	$ 24.00
Cart Fees						
All Golphers	$ 16.00	$ 16.00	$ 16.00	$ 16.00	$ 16.00	$ 16.00
Employee	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
9 hole	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Tournament Play						
Mondays	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00	$ 60.00
Thursday afternoon	$ 50.00	$ 50.00	$ 50.00	$ 50.00	$ 50.00	$ 50.00

A member of the public stated that since public comments are note being accepted, how the staff could be reached by e-mail and Mr. Vorio replied that the email address is oakhills1969@gmail.com or on the Oak Hills website.

Mr. Mount added that the Marketing Committee plans to issue a positive press release on the many good things that are going on at Oak Hills. Mr. Virgulak added one of the goals of the Board was to correct the lack of communication and to increase positive publicity.

**** MR. MOUNT MOTIONED TO APPROVE THE RATE SCHEDULE FOR 2012 AS PRESENTED.**
**** MR. DIFATTE SECONDED THE MOTION.**
**** THE MOTION PASSED UNANIMOUSLY**

Mr. Virgulak asked if the presenters for the second part of the meeting were ready and Mr. Vorio suggested that he go to the Finance Department office to see if they were ready with their presentation.

Mr. Vorio left the meeting at 7:12 and returned at 7:20 p.m.

Mr. Virgulak suggested that the meeting be recessed while the power point equipment could be set up for the presentation.

The meeting was recessed at 7:15 and was reconvened back into public session at 7:40 p.m.

Presentation of Proposed Budget and Five Year Operations Plan

Mr. Virgulak stated that present were Mr. Baron, Assistant Finance Director for the City of Norwalk and Mr. Englert, CPA; and he asked Mr. Baron to present the budget plan.
Mr. Baron gave an overview of the current status of the Oak Hills Course operation and explained the recent history with a loan restructure plan to pay back the City for bonding done for carts, irrigation and the Restaurant. He reviewed the financial situation where the Authority was unable to make payment for the loan last year and a year's worth of payments had been deferred to give the authority a grace period to recover from operational deficits. He stated that the objective was to look at what they could do to make the payment more affordable while sustaining the operations.

Mr. Baron further explained that in view of the new rates and operational expenses, the objective was to come up with a conservative plan that would show the Board of Estimate and Taxation that there was a business plan in place. He explained that this forecast was based on assumptions of the accumulative impact of several bad years where available funds were so lo that the payment could not be made. He outlined that this plan calls for an increase in rates of $10 for the first year and another $10 after that to ease into a rate structure that provides revenue projections that cover operation expenses.

Mr. Baron then went through the budget categories and the underlying assumptions to support the revenue and expense projections of gross rounds that were included as a portion of non-revenue and explained that the round count included high schools and other lower rates. He stated that this budget eliminates unnecessary operating expenses and applies a business plan for the next five years.

Mr. Baron outlined that the debt restructure proposal creates a no payment plan for this fiscal year and starts in September 2012 with interest only payment through fiscal year 2012-13. The remainder of the payments are then over 24 years of principal and interest that extends the life of the loan to 2036. He outlined that this five year plan shows how the Authority can be financially viable and is based on the following assumptions:

Fees are calculated as follows:
Divided by the number of golf rounds = fee/round at an estimated growth of 1.5%/year. He stated that he worked with the current computer system to extract data to achieve more accurate numbers of paid rounds. He added that the revenue per round is a little higher than that was projected but it was balanced with the market rate value.

2. Mr. Baron stated that another key assumption built in is a $10 rate increase over four years to reach $100 by the end of the five years. He stated that a jump to $115

was unrealistic and that a phased in rate increase was more balanced approach, beginning with an increase from $55 to $65 for resident cards.

Mr. Englert added that the projections as outlined represents a conservative budget to meet the goals to sustain operation of the course and to increase membership while providing a business plan to pay back to City under this new restructured pay-back plan.

Mr. Vorio asked about the pay raise structure and Mr. Baron replied that a 2% annual increase was built in to the salary budget. He added that this is consistent with the rest of City employees from other departments and he cautioned against requesting higher than this percentage.

Mr. Vorio asked about the capital budget and stated that $80,000 was the request for capital projects and stated $65,000 does not cover the needs for equipment. A discussion ensued on what was spent in this fiscal year and Mr. Englert replied that $16,000 has already been reflected in the operating expenses through December and that the balance of capital budget should satisfy the capital budget requests. Mr. Baron added that the intention of the five-year projection was to ensure that they would not miss another payment and there was a need to have a cushion to ensure that there would be $750,000 in the bank. He outlined that any bottom line earnings would then go back into the carryover amounts budgeted for further capital budget requests.

Mr. Vorio stated that many of the employee perks have been taken away and that the staff is getting burned out. A discussion ensued regarding the conditions that many of the employees have had to work under, and Mr.Vorio added that the Grounds Superintendent has worked very hard and has dedicated much unpaid overtime he is currently grossly underpaid. Mr. Englert replied that they hope to have an incentive for them to be expected to stay under these circumstances.

Mr. Mount asked about the non-resident break even point and Mr. Baron replied that the impact is based on the aggregate and that more rounds would dilute the revenue per round. He added that the objective was to get more people to the golf course and to project a modest grown. He described it as a default approach as a matter of establishing justification of the investment objectives.

Mr. Virgulak added that the Mayor has offered assistance by all the City Department Heads to help the Authority with projects and recommendations to get Oak Hills Park back into a solvent business.

Oak Hills Park Authority **PROFORMA INCOME STATEMENT** February 2, 2012

FY11	*FY12*			*FY13*	*FY14*	*FY15*		*FY16*	*Increase*
ACCT#	***13-Jan***	***H1-ACT***	***H2-FOR***	***BUDGET***	***BUDGET***	***BUDGET***	***BUDGET***	***BUDGET***	***Assumption***
STATISTICS									
Rounds of Golf	35,545$	20,377$	13,125$	33,502$	34,005$	34,515$	35,032$	35,558$	1.5%
Golf Fees/Round	26.80$	26.19$	29.66$	27.55$	28.00$	28.00$	28.00$	28.00$	0.0%
Cart Rental/Round	7.41$	7.44$	7.16$	7.33$	7.33$	7.33$		7.33$	7.33$
# of ID Cards	2,161$	184$	1,977$	2,161$	2,161$	2,161$		2,161$	2,161$
Revenue / Card	50.23$	52.43$	65.00$	63.93$	75.00$	85.00$		95.00$	100.00$

INCOME									
Golf Fees	4010	952,583$	533,737$	389,236$	922,973$	952,127$	966,409$	980,905$	995,618$
Identification Cards	4020	108,553$	9,647$	128,505$	138,152$	162,075$	183,685$	205,295$	216,100$
Cart Rental	4050	263,396$	151,565$	93,980$	245,545$	249,228$	252,967$	256,761$	260,613$
Gift Certificate	4060	26,990$	12,329$	15,643$	27,972$	27,972$	27,972$	27,972$	27,972$
Other	4001	458$	-$		-$	-$		-$	-$
Golf Revenue	**4001**	**1,351,980$**	**707,278$**	**627,364$**	**1,334,642$**	**1,391,402$**	**1,431,032$**	**1,470,933$**	**1,500,303$**
-$									
Tennis	4100	24,800$	15,600$	11,200$	26,800$	26,800$	26,800$	26,800$	26,800$
Apartment	4200	13,200$	3,300$	6,600$	9,900$	9,900$	9,900$	9,900$	9,900$
Investment/Cart Sale	4300	3,820$	173$	1,096$	1,269$	1,269$	1,269$	1,269$	1,269$
Restaurant	4600	95,067$	48,867$	49,608$	98,475$	98,475$	98,475$	98,475$	98,475$
Other Revenue	**4000**	**136,887$**	**67,940$**	**68,504$**	**136,444$**	**136,444$**	**136,444$**	**136,444$**	**136,444$**
-$									
TOTAL REVENUE	**1,488,867$**	**775,218$**	**695,868$**	**1,471,086$**	**1,527,846$**	**1,567,476$**	**1,607,377$**	**1,636,747$**	
YOY Increase		**3.9%**		**2.6%**		**2.5%**		**1.8%**	
-$									
EXPENSES					-$				
Total Salaries	**637,970$**	**305,844$**	**268,940$**	**574,784$**	**548,638$**	**559,610$**	**570,803$**	**582,219$**	2.0%
Employee Benefits	**138,011$**	**65,007$**	**61,815$**	**126,822$**	**126,103$**	**128,625$**	**131,197$**	**133,821$**	2.0%
Administrative Expenses	**153,570$**	**78,282$**	**73,429$**	**151,711$**	**149,795$**	**152,791$**	**155,847$**	**158,964$**	2.0%
Park Maintenance Expenses	**304,001$**	**138,113$**	**156,253$**	**294,366$**	**318,756$**	**325,131$**	**331,634$**	**338,267$**	2.0%
Cart Expenses	**35,032$**	**13,637$**	**28,400$**	**42,037$**	**57,936$**	**59,095$**	**60,277$**	**61,482$**	2.0%
Miscellaneous Expenses	**44$**	**-$**	**-$**		**-$**	**-$**		**-$**	**-$**
-$									
TOTAL OPERATIONAL EXPENSE	**1,268,627$**	**600,883$**	**588,837$**	**1,189,720$**	**1,201,227$**	**1,225,252$**	**1,249,757$**	**1,274,752$**	
YOY Increase		**1.0%**		**2.0%**		**2.0%**		**2.0%**	
-$									
OPERATIONAL NET INCOME	**220,239$**	**174,335$**	**107,031$**	**281,366$**	**326,619$**	**342,224$**	**357,620$**	**361,995$**	
-$									
Restructured Debt	-$	-$	-$		178,346$	161,647$		161,647$	161,647$
Irrigation Debt Service		94,936$			-$			-$	
Paving Debt Service			3,903$			-$			
Restaurant Debt Service		186,544$			-$			-$	
Escrow Funding	(141,396)$	-$	-$		40,000$	40,000$		40,000$	40,000$
Commercial Debt Service	149,749$		65,095$	57,031$	55,800$		55,800$		66,000$
Loan Repayment	**293,736$**	**-$**	**-$**	**65,095$**	**275,377$**	**257,447$**	**257,447$**	**267,647$**	
-$									
NET INCOME BEFORE CAPITAL EXPENSES	**(73,497)$**	**174,335$**	**107,031$**	**216,271$**	**51,242$**	**84,777$**	**100,173$**	**94,347$**	
-$									
Capital Projects		**(64,000)$**	**(80,000)$**		**(80,000)$**	**(80,000)$**		**(80,000)$**	
Prior Year Net Income (FY12 exception)	**30,215$**		**(43,282)$**	**108,989$**	**80,231$**		**85,008$**		**105,181$**
Cumulative	**(43,282)$**	**174,335$**	**107,031$**	**108,989$**	**80,231$**	**85,008$**	**105,181$**	**119,528$**	

Mr. Virgulak requested that the budget chart be incorporated into the minutes, and Mr. Baron replied that he did not have hard copy handouts of the five year plan. He stated that he would make changes as noted and send it to the staff and members of the Authority via e -mail by the next business day.

Mr. Baron added that the City is well aware that the financial circumstances are difficult, yet they recognize that the Oak Hills Park is a tremendous asset to the City and it is there goal to work out a plan. He added that the fact that two year deferral of loan payments have been reflected and, as a result, it is of primary importance that the payments be made in line with this plan. He explained that another year of deferred payments or more loan restructuring would not be acceptable to the City, and therefore he feels that this plan is the best balance of conservative yet achievable revenue and a realistic bottom line that can be achieved for the next five years.

Mr. Mount asked if the plan can be modified in a year if the marketing programs and assumptions are successful. Mr. Baron explained that as earnings are brought up into a carryover for the next year, it is reflected in the next year projections. He added that as the financial situation is assessed, the plan can be modified as needed to more accurately represent the economy and other factors.

Mr. Virgulak stated that a motion was required to amend the rate structure that was approved earlier in the meeting.

**** MR. DEPANFILIS MOTIONED TO AMEND THE 2012 RATE STRUCTURE TO INCREASE THE RESIDENT CARD BY $10 FROM $55 TO $65, IN ACCORDANCE WITH THE PROPOSED BUDGET AND FIVE-YEAR PLAN.**
**** MR. DIFATTE SECONDED**
**** MOTION PASSED UNANIMOUSLY.**

**** MR. MOUNT MOTIONED TO APPROVE THE PROPOSED BUDGET FOR FISCAL YEAR 2012-13 AS AMENDED WITH $10 RATE INCREASES AND 5-YEAR PLAN AS AMENDED TO BE FORWARDED ON TO THE BOARD OF ESTIMATE AND TAXATION.**
**** MR. DEPANDILIS SECONDED**
**** MOTION PASSED UNANIMOUSLY.**

Mr. thanked Mr. Baron and the City's Finance Department for all of their efforts with working on this budget and five-year plan. He noted that Mr. Baron's thoroughness with understanding the complexities of the operation with the development of this plan are to be commended.

ADJOURNMENT

**** MR. DEPANFILIS MOVED TO ADJOURN.**
**** THE MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 8:50 p.m.

Respectfully submitted,
Marilyn Knox; Telesco Secretarial Services