

## MEETING MINUTES

### Board of Directors Meeting Douglas Public Facility Municipal Property Corporation

Wednesday, October 12, 2016, at 10:00 a.m.

at

**City Hall – HR Conference Room  
425 10<sup>th</sup> Street – First Floor**

1. Call to Order  
Meeting was called by Ken Nelson, President, at 10:11 a.m.
2. Roll Call  
Board Members present where: Ken Nelson, Larry Moss, Francisco “Tachi” Durazo, Vicky Merritt and Manny Robles. Members absent and excused are Adrian Vildosola and Paula Shelton. City Officials and staff members present are: Mayor Robert Uribe, Brenda Aguilar (Interim City Manager) and Brenda Arenas, Luis Pedroza (Finance Director). Jeff Smythe (Golf Course Manager) was also present.
3. Persons wishing to address the committee in writing or verbally on any item not on the agenda.  
(NONE)
4. Financial update with current YTD numbers from Larry Moss and Jeff Smythe

The figures presented by Larry Moss are fiscal year based and represent July and August 2016. The detailed statement with categories is also available for review along with the POS report through September 2015. Mayor Uribe asked about a monthly membership fee, if any. Membership fees for persons age 60 and below are \$80 per month along with a cart fee of \$40 per month. The goal per Mr. Smythe noted that a 12 round punch pass is available for \$100, and the cart fee would still apply. The rack rate is \$20 per round: \$12.50 and \$7.50 golf and cart respectively. The Douglas Golf and Social Club has been going strong and they also have a yearly membership fees. The Golf Course does collect the rent for the Arizona Treasures RV adjacent to the golf course. The numbers shown are their commission as City collects their rent and City keeps 20%. These figures are lumped in with the RV park line item as staff has not figured out how to separate these figures. Mr. Smythe noted that the POS report are for 2015, but that he has a copy of the 2016 POS reports to make available and for comparison purposes. The June-September 2016 POS numbers are higher by \$5K in comparison to 2015 POS numbers, mostly attributable to APS contractors that were in the area and stayed in the RV Park at a per unit revenue of \$300-350 per month. Mayor Uribe inquired as the RV revenue not being recorded on two separate entries possibly causing an Audit finding & Mr. Pedroza noted that this would probably not be an issue. The RV Park revenues for that period show figures in the amount of \$13,571 which includes monies collected for the satellite RV Park collected for the quarter totaling \$5,345. This figure was subtracted from the \$40,199 and shows then a figure of \$34,854 in true income for the quarter. Regular board

members will note that in June the restaurant opened and began operations. The revenue numbers there show for the quarter an expenditure of \$5,100 for food product costs and produced \$6,200 in sales. The emphasis was on serving lunch and gains were not significant per Mr. Smythe. Sales in beer were the same if not higher than the food sales, but doubts that operation broke even. He feels the food service should continue as an expected service to the golf course user. Promotional costs of \$180 per week were being paid to the newspaper for a potential \$100 worth of wings being sold on Thursdays with 30+ customers coming in and a majority is not golfers. Mr. Smythe made mention of the old days when business was much better, and how there are 40 core golfers. The services at the bar and grill are projected to continue with hours of noon to closing (sundown) at the restaurant. Inconsistency has hurt the restaurant per Mr. Nelson. Discussion of core golfer's definition playing 4-5+ times per month, but it was noticed that mostly on weekends. Mayor Uribe encouraged setting a time and structure for hours of operation. Sale summary sheets for 2016 were reviewed, and the question came up as to whether they are entries or individual sales as reported by the POS summary. The totals are correct, but the quantity and net adjustments are every difficult to decipher or correlate them with actual transactions. In response to a POS related question, Mr. Durazo made the comment regarding the department sales figures and tournament entry fees and how the quantity column made little sense in terms of tracking actual transactions, and Mr. Smythe agreed. Additionally, Mr. Durazo noted that the way the POS system is currently configured and programmed it makes it very difficult if not impossible to use the figures produced in a meaningful so it will be useful for management to determine the performance levels to arrive at or meet the goals. The way the POS sales are reported it is impossible to use the figures in a way that would help management. Mrs. Aguilar added that it would similarly add to the auditing challenge. Mr. Pedroza reported that the individual quantities are being kept and recorded in a separate ledger and advised that there are checks and balances that are in place. The system used is from Golf Now and the Bar system is from Jencess. Mr. Smythe made the comment that he noticed early on the problems with the POS from a management perspective, but the totals did check out in his conversations with Luis Pedroza. Mr. Smythe mentions other programs are available for golf courses and they run \$3-4K, and the current program costs the City about \$6-7K and was purchased 8+ years ago, with very savvy computer personnel having looked and analyzed the program without much luck. Mayor Uribe noted that the program (Square System) he uses is very versatile and it serves his business well. Discussion turned to operating versus the entry side of the function and possibly going to a manual ledger entry to compare sales at weeks or months end & if this would be practicable from a user perspective. The training perspective seems to have worked well and Mr. Smythe went over a theoretically simple bar scenario that seemed to be based on a standard POS system, long with having an inventory capturing availability.

5. MPC discussion on ways to generate additional revenue.

Tournaments and night golf and chamber of commerce events at the GC  
Capital money to install foot golf course for \$5K Board to come up with ideas for generating revenue as well as the hall, wing night helps bring people in selling alcohol and soda is the goal and sporting events special . Mayor wants tour to the GC considered for an evening meet and greet event. 81<sup>st</sup> consecutive Labor Day tournament open house type format with drink specials to be considered for the special sporting events. Food draws people in and food makes money, events are very important. Hall rental reduction from 500 to 150 work and make an impact an Luis says that it defeats the purpose and should not be given away. The off days should be concentrated on-it is difficult to go

from low to back to a higher price. Generating revenue is goal of this agenda item. Labor & capital is needed for the foot golf project as a revenue builder and build interest from residents outside the and the capital money requested would be in addition to \$165K budgeted subsidy. Pedroza suggested to also discuss this at the Finance Committee meeting as well as discussion of various requirements to do the foot golf initiative at the local course. The group also discussed the various benefits of having 10 plus events for the Golf and Social Club over and above the Labor Day tournament. Also talked about a monthly golf tournament may also generate foot traffic and sales. Night golf in June, July and August may also be productive per Chairperson Nelson. Mayor excused himself at the end of this agenda item.

6. Policy and procedure implementation and MPC discussion

Mr. Nelson opened up discussion regarding the topic and remarked that the suggested policies and procedures (as prepared by Luis Pedroza) may already be getting done. The need to formally adopt policy and procedures as recognized by the Chair. And further commented that the suggested policies are from the City's Finance Department and then discussion turned to how vendors are paid and by whom. It was noted that no staffers are writing checks, and their involvement is limited to turning checks over to vendors. The check signing duties are carried out by Mr. Nelson as Chair of the MPC. Mr. Pedroza noted that there is a separation of duties involved in handling monies for the MPC, and the making of payments. The separation of duties that are currently in place would meet auditing standards noted, Mr. Pedroza. Mr. Moss reports that debit card usage is not being reported properly by the MPC. Mr. Pedroza advised that the debit card usage would need to be coded and approved by supervisors, and that this policy needs to be added to the list of recommended policies. Further discussion pointed out the need for a documentation trail is needed to verify that the supervisor or manager has approved a certain transaction & receipts would need to be provided to the book keeper. Policies do include handling of invoices and the debit card protocol would need to include no cash back or withdrawal capabilities, and that these need to be added to the policy list to be finalized by the Finance Department. Board identified that there is a cash box currently used and is kept by Ricardo that usually maintains \$450 and that it is used for change.

This factor brought up the need for a petty cash policy to be implemented. Credit card usage by the Manager was discussed and reported upon, but Mr. Moss was identified as the person that needs to be notified of credit card usage in order for him to be able to appropriately plan for payment of same. Discussion about food service delivery services and local food vendors being considered and the need to obtain a freezer by the MPC Board were had. The Board concluded the discussion with the need to have the manager review the time sheets as part of the policies, and that the Board would review the policies and come back with recommendations for approval at a future meeting.

7. Course condition and update on plans for winter season from Jeff Smythe

Mr. Smythe reported that the snow-belt advertising flyer that went out last year in the mail netted some positive results. This year the same weekly special will be slightly increased or marked up to make it more profitable, except that for those visitors that do not have an RV, would make the special dependent on the Gadsden hotel remaining operational. The current arrangement has the MPC giving away some nominal golfing with the complimentary hotel rooms being granted here and there along with hotel specials charging \$100 per week rates for the golf program participants as a way to

incentivize the initiative. The program will largely depend on whether Robin Brekhus will continue to run the Gadsden and Avenue Hotels. Mr. Smythe reported that course conditions were poor due to the fungus epidemic on the greens and latter days of the rainy season in August '16 but that this problem is well on its way to being resolved with needed seeding taking place. Back nine has a 20 year old watering system with front nine having a 40 year old watering system that has never been replaced. None of the bent grass currently on the greens has ever been changed out or with no bent grass replacement, but only scant grass patching being conducted, all in hopes of avoiding the return of the fungus.

8. MPC discussion to change rental hall contract agreement and pricing

Mr. Nelson spoke about reducing Friday, Saturday and Holiday hall rentals down to \$200 per event and even lower for the off days and requested feedback on the concept from the Board. Mrs. Merritt noted that holiday party rentals need to be offered to the various groups and private entities. Ken Nelson continued with words about the security and clean-up costs needing to be continued and possibly a flat kitchen use fee being considered. Mr. Durazo noted that the amount should be negotiable and fee should be set pursuant to the nature of an event, and that weddings and similar family events should pay the higher price. Mr. Robles suggested that the rental prices should be lower and more reasonable for the public and that there should be focus to attract funeral type events. The \$150 clean-up fee was discussed and by popular acclamation was determined to be reasonable, but for smaller parties could be used a refundable deposit approach, or even a sliding scale approach depending on the condition of the hall upon conclusion of the event. The Tuesday schedule was light and bar/restaurant would only stay open for Rotary meetings or functions. Discussion turned to what is going to be charged for use of the kitchen and Board was advised that a flat fee would now be charged for the kitchen use, and no longer would a per plate fee would apply. The kitchen use fee was proposed at \$150 with using party having a license for catering. Fees for funerals, birthday and holiday party hall usage fee for the hall will continue to be flexible and up to management, but the use of an actual contract continued to be discussed. Mr. Smythe noted it has been handled administratively though emails and other informal means of communication. The need to improve the marketing and rental customer service continued to be discussed and the lack of business coming to the MPC facility. Chairman Nelson noted that the MPC & staff needs to do their part in order not to lose the potential customers that are inquiring about rentals. Once a party has been engaged in negotiating terms for a rental, the deal needs to be closed, commented Mr. Nelson.

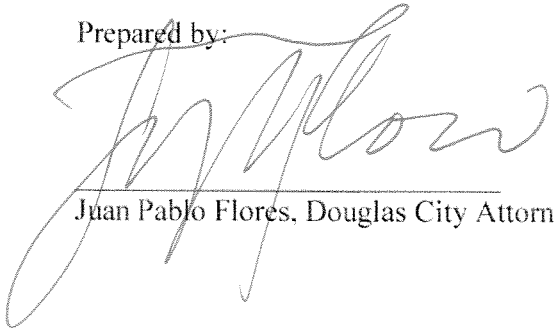
9. MPC expectations for Jeff Smythe and set goals

This item was discussed in item 8 & 9. Internal controls regarding bar and bathroom cleanliness and employee phone usage, and cash handling was identified as not being part of policy and procedures. Hall rental and course condition improvement were also identified as goals to be attained and improved by management.

10. Adjournment

Motion made by Francisco "Tachi" Durazo, seconded by Manny Robles to adjourn the meeting at 12:02 pm; motion approved unanimously.

Prepared by:

A handwritten signature in black ink, appearing to read "JP Flores", written over a horizontal line.

Juan Pablo Flores, Douglas City Attorney