

NOTICE OF PUBLIC MEETING

BE IT KNOWN that the Lake Jackson Development Corporation of the City of Lake Jackson will meet in Public Hearing and Called Session on **MONDAY FEBRUARY 3, 2014 AT 5:00 P.M.** at Lake Jackson City Hall, 25 Oak Drive, Lake Jackson, Texas, with the following agenda:

AGENDA

1. APPROVAL OF MINUTES

2. PUBLIC HEARING AND ACTION TO CONSIDER PERPETUALLY EXTENDING ANNUAL TRANSFER OF \$150,000 FROM THE 4B ECONOMIC DEVELOPMENT FUNDS TO THE CITY OF LAKE JACKSON'S WILDERNESS GOLF COURSE FOR MAINTENANCE PURPOSES

3. ITEMS OF COMMUNITY INTEREST

4. ADJOURNMENT

I hereby certify that this Public Notice was placed on the Official Bulletin Board at City Hall on Friday, JANUARY 31, 2014 at 4:00 p.m.

Alice A. Rodgers, City Secretary

I hereby certify that this Public Notice was removed from the Official Bulletin Board at City Hall on this the _____ day of _____, 2014, at _____ a./p.m.

Alice A. Rodgers, City Secretary

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's Office at (979) 415-2403 or FAX (409) 297-8823 for further information.

STATE OF TEXAS

COUNTY OF BRAZORIA

CITY OF LAKE JACKSON

BE IT KNOWN that the Lake Jackson Development Corporation of the City of Lake Jackson met in Public Hearing and Regular Called Session on Monday, January 27, 2014 AT 5:00 P.M. at Lake Jackson City Hall, 25 Oak Drive, Lake Jackson, Texas, with the following present:

Joe Rinehart, Mayor	William P. Yenne, City Manager
Scott Schwertner, Council member	Alice A. Rodgers, City Secretary
Gus Lindveit	Modesto Mundo, Asst. City Manager
Phyllis Saathoff	Sherri Russell, City Attorney
Gerald Roznovsky, Council member	Pam Eaves, Finance Director
Larry Taylor	

APPROVAL OF MINUTES

On motion by council member Roznovsky second by Phyllis Saathoff with all present voting aye, the minutes December 17, 2013 were approved as presented.

Larry Taylor entered the meeting at 5:05 p.m.

PUBLIC HEARING TO CONSIDER PERPETUALLY EXTENDING ANNUAL TRANSFER OF \$150,000 FROM THE 4B ECONOMIC DEVELOPMENT FUNDS TO THE CITY OF LAKE JACKSON'S WILDERNESS GOLF COURSE FOR MAINTENANCE PURPOSES

Mayor Rinehart opened the public hearing at 5:05 p.m.

Gus Lindveit entered the meeting at 5:07 p.m.

Mayor Rinehart stated continuing the \$150,000 for the golf course for maintenance purposes has been discussed several times over the years.

Mr. Yenne stated this is the amount the golf course needs to break even each year.

Ms. Eaves stated this amount had been set aside from the 4B to help cover the golf course operating expenses for the last several years. They could be asked to cut back on their expenses however that will cut into the maintenance of the golf course.

Mr. Yenne stated that when the golf course had difficulties in 2010 city staff worked with them on cutting back on the expenditures and they did. Staff felt is best to get the authorization to continue this funding in order to keep the course maintained in its current condition.

Mr. Mundo reviewed the financial chart and stated that the \$150,000 has been authorized through 2014-2015. However staff has shown it infinite for planning purposes.

Council member Schwertner felt the more operating expenses can be moved to the operating budget the better. However this meets all criteria of the 4B stipulations and therefore should be approved

Phyllis Saathoff stated that the board has supported the golf course from the beginning and should continue.

Gus Lindviet asked if the golf course was supposed to begin supporting itself.

Mr. Yenne stated that most recreational services rarely break even. Staff has said all along that the golf course would need support. Discussion have gone on in the past regarding the tournaments hosted. The residents get upset with the number of tournaments played each year, however they are money makers. It is a balancing act to keep the rates affordable and yet pay for the course.

Mayor Rinehart stated he felt that with the city growth the golf course would be an asset. Hopefully down the road the \$150,000 could be released from the 4B.

Council member Roznovsky said the only way to increase the revenue would be increase driving range.

Mr. Yenne stated they currently don't have the space to increase the driving range.

Mr. Lindviet asked if this vote was for this to go on forever.

Mr. Yenne stated that at this time staff felt it best.

Mayor Rinehart closed the public hearing at 5:15

ITEMS OF COMMUNITY INTEREST

Mayor Rinehart stated that this Friday is the deadline for applications for the Economic Development Board. They will take office in May. One thing the new board will be involved in will be the city Master Plan.

It was stated that Dow Chemical announced the building of their new headquarters in Lake Jackson.

ADJOURNMENT

There being no further business the meeting adjourned at 5:17 p.m.

These minutes read and approved this the _____ day of _____, 20_____.

Joe Rinehart, Mayor

Alice A. Rodgers, City Secretary

Lake Jackson Development Corporation Financial Plan - PUD 1 & 2

	Adopted							
	2013 - 14	2014 - 15	2015 - 16	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2020 - 21
FUND BALANCE	\$1,638,600	\$1,570,000	\$1,530,000	\$1,580,000	\$1,740,000	\$2,330,000	\$2,910,000	\$3,590,000
REVENUES								
Half Cent Sales Tax	2,638,463	2,690,000	2,740,000	2,790,000	2,850,000	2,910,000	2,970,000	3,030,000
Interest Income	8,394	8,000	8,000	8,000	9,000	12,000	15,000	18,000
Total Revenues	\$2,646,857	\$2,698,000	\$2,750,000	\$2,798,000	\$2,859,000	\$2,922,000	\$2,985,000	\$3,048,000
EXPENDITURES								
Recreation								
Recreation Debt Service	403,763	390,000	370,000	350,000				
Transfer to Recreation Operations	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
New Recreation Projects	203,000	100,000	100,000	100,000	100,000	200,000	200,000	200,000
	956,763	840,000	820,000	800,000	450,000	550,000	550,000	550,000
Economic Development								
Downtown Phase 2 -	413,125	400,000	400,000	390,000	380,000	370,000	360,000	350,000
Downtown Phase 3 - S. Parking Place	161,833	150,000	140,000	140,000	140,000	140,000	140,000	130,000
Downtown PUD HEB - 3 million at 20 yrs		260,000	250,000	240,000	240,000	230,000	230,000	220,000
Downtown PUD Dow - 2.5 million at 20 yrs		210,000	210,000	200,000	200,000	200,000	190,000	190,000
Downtown Maintenance	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
New Mall Entrance	300,000							
Ext of Water to Airport - 1.5 million at 10 yrs	182,000	181,000	178,000	175,000	172,000	169,000	165,000	161,000
	1,106,958	1,251,000	1,228,000	1,195,000	1,182,000	1,159,000	1,135,000	1,101,000
Golf Course								
Golf Course Debt Service	505,525	500,000	500,000	490,000	490,000	480,000	470,000	460,000
Golf Course Operating Reserve	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
	655,525	650,000	650,000	640,000	640,000	630,000	620,000	610,000
Total Expenditures	2,719,246	2,741,000	2,698,000	2,635,000	2,272,000	2,339,000	2,305,000	2,261,000
Net Revenues (Expenditures)	(72,389)	(43,000)	50,000	160,000	590,000	580,000	680,000	790,000
ENDING FUND BALANCE	\$1,566,211	\$1,530,000	\$1,580,000	\$1,740,000	\$2,330,000	\$2,910,000	\$3,590,000	\$4,380,000
TARGET FUND BALANCE	1,121,000	1,550,000	1,500,000	1,130,000	1,110,000	1,090,000	1,050,000	1,030,000
Over/ (under) target balance	\$445,211	(\$20,000)	\$80,000	\$610,000	\$1,220,000	\$1,820,000	\$2,540,000	\$3,350,000

City Council Agenda Item

City of Lake Jackson

Meeting Date: 12/16/2013

Subject: Extend Golf Course annual supplement

Submitted by: William Yenne / Pam Eaves

Expenditure Account: 124-0000-491-40-00 [Click here to enter text.](#)

Action Requested: Currently the annual supplement (\$150,000) for the Wilderness Golf Course is approved through the 2014-15 fiscal year. In all reality, this will be ongoing expenditure. The action requested is to approve this funding and have the LJDC consider the project

Alternatives: raise rates at the Golf Course and hope there is not a corresponding decrease in rounds played. Order Kemper to cut back on expenditures. The issue with this approach is that over 50% of their expenditures are for the maintenance of the course. Cutting back expenditures in this area will lead to degradation in playing conditions with a compounded impact over multiple years.

Summary of Subject: Attach is a summary of Golf Course revenue and expenditures since opening in 2004. Also attached is an agenda item memo I wrote for a meeting on 6/7/11 explaining the financial situation at the time.

Action Taken:

Tabled

Deferred

Denied

Approved

Memo



To: William P. Yenne
From: Pam Eaves
CC: Mayor and City Council
Date: 6/7/11
Re: Golf Course additional Funding

Attached is a single page summary of Golf Course revenues and expenditures from opening through April 2011. Beginning in 2006, the LJDC has been providing a \$100,000 a year subsidy for the golf course with the idea of building a contingency or reserve to help them through any rough financial years. This \$100,000 amount is shown just above the net income line as cash contributions from City. Therefore, the net income for each year beginning with 2006 includes this \$100,000 transfer.

Beginning with 2006 through 2009, the net income line was positive by a cumulative amount of \$247,848. While we used a portion of the \$100,000 annual transfer during this period we were able to accumulate some reserve. The cash balance grew from \$64,843 to \$289,405 at the end of 2009.

And then came 2010. 2010 resulted in a net loss of \$308,167. The Cash balance dropped from \$289,405 to \$105,198. All of this is attributable to a \$315,986 decrease in revenues from 2009 to 2010. Expenditures increased by \$458 from 2009 to 2010. In hindsight, we should have clamped down on expenditures harder and sooner and saved some money to help offset the revenue shortfall. However, slightly less than half of the decrease occurred in the last three months of the fiscal year. The year that started off slow with over 10 inches of rain in October, fell off the table in the last three months. Both July and September had over 10 inches of rain. There was little to no play the entire Fourth of July weekend and into the next week. Occurrences like this are when Kit would be asking for the additional pumping capacity to move water from the lakes to the Bayou in a more expeditious manner.

In September, a rainy Labor day weekend started with 1.5 inches of rain on Friday. So, it was not only how much it rained but when it rained.

While weather was a factor to an extremely poor year, it was not the only factor. There was also the economy, the general public's disposable income available for golf was less across the board.

Also, the City of Missouri City revitalized and reopened 36 holes at Quail Valley. I am sure this impacted our ability to pull Fort Bend golfers to Lake Jackson.

Many of you will have questions as to how this relates to the issues we had with Kit Thomson. The primary issue with Kit related to inventory and Cost of Goods Sold. The clubhouse staff does an inventory count at the end of each month. When the counts did not match the computer maintained inventory, Kit had a bad habit of adjusting the counts to match the computer inventory. Pressed for time, he just assumed the counts were bad. Over a period of 5 or 6 years the resulted in the inventory being overstated and Cost of Goods sold and/or inventory shrinkage being understated. As we determined what the proper adjustment should be, I requested the adjustment be reflected in the 2010 fiscal year. This adjustment certainly impacted net income in 2010 making an already bad bottom line look worse, but it did not impact our cash position.

Without going too "accountant" on everyone, by the end of 2010 our cash balance, which reach a high of \$330,791, was down to \$105,198, with payables of \$27,186. This was with the winter months still to go through. Typically the winter months do not produce positive cash flow. I knew at this point, we were touch and go on asking for more funding. We transferred the \$100,000 of City funds at the first of October and hoped we could make it through. As of the end of April, we have \$136,864 in cash and \$103,387 in payables. The Merchandise inventory is down to \$42,321. At the end of 2010, inventory was \$81,162. So we have managed cash flow by spending less (almost nothing) on inventory and letting payables go longer. We are at the point of needing some cash to bring all the payables current and bringing in some additional inventory as well as providing some cushion on a go forward basis. Kemper is projecting the \$83,324 y-t-d deficit to grow to \$118,734 by year end. Hopefully, the deficit actually reduces by year end. Kemper's projection is fairly conservative. However, what happens is extremely weather dependent.

I was asked to pick a number for the additional cash needed and don't be short. I picked \$250,000. My thought is this will allow us to bring all payables current as well as provide a cushion or reserve on a go forward basis. However, in the event of a Hurricane or severe tropical storm we may again face funding concerns.

**THE WILDERNESS GOLF COURSE
2004 - 2013**

FISCAL YEAR	2004 *	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Course & Ground	281,150	647,592	704,874	831,043	961,585	1,011,830	843,794	857,675	842,675	888,645
Cart Revenue	120,280	267,238	305,491	271,909	279,759	269,234	224,776	248,145	227,564	249,180
Golf Shop	44,918	174,951	259,274	248,467	289,999	249,374	210,933	161,961	158,705	153,824
Range	27,242	56,352	67,507	65,616	68,987	73,721	53,600	63,650	59,913	70,590
Food & Beverage	47,992	155,605	221,756	226,420	256,044	260,991	212,317	239,982	230,885	246,157
General & Administrative	1,559	4,185	22,213	1,770	20,991	4,581	8,325	0	0	
Total Revenues	523,141	1,305,923	1,581,115	1,645,225	1,877,365	1,869,731	1,553,745	1,571,413	1,519,742	1,608,396
Cost of Sales										
COGS - Merchandise	20,331	99,150	165,826	168,897	198,398	160,767	209,255	115,832	107,173	99,861
COGS - Food & beverage	20,872	67,852	85,122	84,860	99,704	106,889	91,457	95,132	90,445	108,851
Total Cost of Sales	41,203	167,002	250,948	253,757	298,102	267,656	300,712	210,964	197,618	208,712
Gross Profit	481,938	1,138,921	1,330,167	1,391,468	1,579,263	1,602,075	1,253,033	1,360,449	1,322,124	1,399,684
EXPENSES										
Course & Ground	232,777	616,885	657,580	712,700	707,540	816,979	817,165	804,378	690,087	731,715
Cart	37,828	102,302	105,702	118,721	124,385	134,202	149,159	149,715	184,208	190,794
Golf Shop	46,956	129,188	166,692	172,413	174,748	201,018	182,190	195,582	139,346	133,830
Range	1,304	3,794	7,280	8,247	2,958	6,447	0			
Food & Beverage	29,745	83,827	99,690	117,848	127,326	128,560	116,094	119,664	113,513	113,993
General & Administrative	89,109	249,770	259,704	237,986	300,713	285,506	308,562	264,433	277,304	275,323
Total Expenses	437,719	1,185,766	1,296,648	1,367,915	1,437,670	1,572,712	1,573,170	1,533,772	1,404,458	1,445,655
Net Operating Income	44,219	(46,845)	33,519	23,553	141,593	29,363	(320,137)	(173,323)	(82,334)	(45,971)
Non-Operating Revenues (Expenses)										
Debt Service	(15,880)	(12,784)	(12,384)	(12,384)	(12,384)	(10,593)	(4,030)	(4,174)	(776)	(776)
Kemper Management Fee	(28,000)	(84,000)	(84,000)	(84,000)	(80,939)	(83,496)	(84,000)	(70,000)	(85,097)	(85,097)
Equipment Replacement	(3,300)	(10,000)								
Cash Contributions from City			100,000	100,000	100,000	100,000	100,000	200,000	250,000	150,000
NET INCOME	(2,961)	(153,629)	37,135	27,169	148,270	35,274	(308,167)	(47,497)	81,793	18,156
Start Up Cash from City	200,000									
Ending Cash Balance /AR	243,772	64,843	95,843	219,908	287,791	289,405	145,803	146,572	207,314	171,495
Accounts Payable to Vendors	31,199	19,245	45,061	53,039	51,842	32,749	27,186	49,373	33,730	28,445
Ending Inventory - Merchandise	42,374	90,817	143,417	121,935	103,457	105,943	81,162	33,016	25,025	41,166
Ending Inventory - Food & Beverage	5,635	6,560	8,091	8,341	9,955	9,113	8,032	5,436	6,278	7,998