Golf Pre-Bid Meeting & Tours

July 29, 2014

Questions

* **Regarding cash flow projections, what is the principal amount on the low payment?** $4.8 and $6 million. That amount assumes the City was doing all financing so is not as applicable. This data is 2 years old.
* **What are the contract expenses?** Most expenses are run through the current operator. PGM requests reimbursements on a frequent basis, so all of these expenses are run through as contract expenses. For example, payment for management of courses, clubhouse and maintenance payroll, repairs and maintenance, fertilizer, sand, miscellaneous expenses such as insurance, utilities, additional cart rentals, etc. The current management contract is for $416,160; however, out of that amount PGM pays salaries for 7 positions.
* **What is clubhouse payroll?** This includes all employees who are not on the maintenance crew.
* **Is there a cost for City water?** Yes. This is included in the reimbursement under “contract services-other services & charges.” For example, the cost for water alone was $29,500 at Lester last year. Enger Park utilizes three wells and only uses City water as back up. Lester Park, however, uses City water exclusively.
* **Can we get an itemized list of these expenses?** Yes. Note: Most expenses are allocated according to whichever golf course originated the expense. There are some exceptions. Some expenses are divided equally between the two golf courses. For example, advertising, bank charges, and insurance are all ‘common’ expenses so for the most part they’re divided evenly between the two golf courses. Maintenance items are sometimes split evenly between the two golf courses regardless of which course the items are primarily used.
* **Is there a minimum wage?** Does prevailing wage include people working at the pro shop? $7.50 is the current minimum wage. The prevailing wage only applies to construction cost. Minnesota recently passed a law to increase the minimum wage to $9.50/hour by 2016.
* **Survey results indicate current patrons would support an increase of $5 per round. How was this split between members and non-members?** We will have to research this question. 74% at Enger said they would pay more, but we do not recall the split at this time. In checking the survey, the actual result was that 82% said they would pay more at Enger, with 27% saying they would pay at least $5-10 more and another 18% would pay “whatever,” however, we did not look at the split between members and nonmembers and are uncertain at this time if we have that breakdown.
* **Are rangers paid or volunteer? Starters?** They are all paid. There are no volunteers, but this doesn’t mean it’s not an option in the future. This current staffing cost is less than $20,000.
* **What’s the remediation and cost of the DNR issue?** The lake itself is approximately $650,000. FEMA is paying $450,000 for the stream remediation, but the $650,000 for the new lake will need to be funded by City or operator.
* **What is included in cost allocation expenses?** This is the amount the City charges for administrating the golf program. It is $33,400 for each golf course annually. It pays for things like financial services provided by the City Finance Department, Parks & Recreation administration, Facilities Management administration, etc. This cost should be excluded from an RFP. The City is looking for an entirely new model. The current practice is all subject to negotiation.
* **Will there be access to properties after the 30th?** Yes, anytime you would like to tour the courses or facilities you are welcome to make an appointment or pay a round of golf.
* **At Lester there is no liquor license?** The entire section of town is “dry”, so there are no liquor licenses in this area. This can be changed by state referendum. There is a portion of Lester that is outside of this area but the clubhouse would have to be relocated. 3.2 beer can be served currently and does require a 3.2 license from the state.

**Enger Tour**

* **Is equipment owned or leased?** The City of Duluth has a 5 year capital lease for the maintenance equipment. The capital lease provides an option for the City to purchase the equipment at the end of the 5th year for $1. There are a couple of older pieces still owned by the City, but all others are leased. The lease is up in 2 years. A copy of the lease will be posted on the City RFP website.
* **Is there a lift in the maintenance building?** There is an overhead hoist but not a lift.
* **Will Enger stay open during flood recovery work?** The portion of Enger that was damaged by the flood will be paid for with FEMA funding. The course can remain open during this project.
* **Are the carts owned or leased?** The carts are leased, 120 carts total for both courses. The lease expires at the end of 2015. A copy of this lease will also be posted.
* **Are shelters located on the course built by WPA?** Yes, there are shelters on Enger built by the WPA and they have been reroofed since originally built.
* **Course restrooms?** There are no restrooms along the course, just porta-potties.
* **How many holes have power lines that are a factor during play?** The front 9 has four holes, the middle 9 has three holes, and the back 9 has two holes in which power lines may come into play.
* **What is the average irrigation capacity?** The three wells at 70 gallons per minute are used to fill the irrigation pond. The overall irrigation system is 1,500 gallons per minute and is adequate per architect Jeff Brauer.
* **Would reconfiguring the driving range affect the alternate clubhouse location?** The driving range has land available behind it, so it could be reconfigured which would allow for another use of the dramatic ridgeline at the end of the existing driving range.
* **How many private cart rental storage units remain?** There is a garage near the driving range used to rent space for patrons who use their own private golf carts. Currently there are 20 carts using this space, and the program is being phased out through attrition.
* **What is the proposed yardage for the forward tees?** About 4,400 is what the Architect and consultant recommend.

**Lester Tour**

* **Has there been any test drilling?** Yes, a test drill for additional water was done but it did not deliver enough water to be usable.
* **Alcohol at Lester?** The place along the course where alcohol could be permitted was pointed out during the tour.

List of Requested Documents:

* Breakdown of customer survey noting member vs non-member data on fee increase
* Itemized list of contract expenses
* Lease for Maintenance Equipment
* Professional Services agreement for golf course management w/ PGM
* Lease for Golf Carts