



11-145

TITLE: Consider/Discuss/Act on an Ordinance Authorizing a Budget Amendment Modifying a Loan Agreement from the Solid Waste Fund for Construction of the Oak Hollow Clubhouse

MEETING DATE: March 15, 2011

DEPARTMENT: Parks, Recreation and Open Space

CONTACT: Hal Cranor, Public Works Director
Lemuel Randolph, Interim Deputy City Manager

RECOMMENDED CITY COUNCIL ACTION:

- Ordinance Approval

ITEM SUMMARY:

- \$65,000 in revenue generated from a new operator agreement was used to fund design and other pre-construction services for a new clubhouse
- In January of 2010 City Council approved an \$800,000 loan from the solid waste fund for construction cost of the clubhouse.
- Public Works Department served as general contractor for the project with an estimate of \$118 per sqft to complete construction.
- Cost was actually \$143 per sqft resulting in a funding shortage of \$180,231
- With the new business model golf course operations are thriving and need for a master plan have been identified. \$15,000 will fund cost of master plan
- Factors contributing to shortage included:
 - No budget for contingency
 - Length of gas line
 - Fire suppression system requirement
 - Kitchen
 - Interior carpentry
 - Amount of excavation and chemical injection requirement
- Cost of Comparable Golf Clubhouses include:
 - Sherrill Park Club House - constructed in 1996 (prefab building) - \$102 SF

- Heritage Ranch Clubhouse - constructed in 2005 - \$292 SF
- Gentle Creek Clubhouse - constructed in 2002 - \$147 SF
- Pecan Hollow Clubhouse - constructed in 2003 - \$189 SF
- Cost of other city facilities
 - City's new library - \$338 SF
 - Fire Station # 7 - \$368 SF
 - Finch Park outdoor bathroom - \$350 SF
- Lessons Learned:
 - Initiate similar projects as CIP projects to allow for clearer tracking of costs and change orders
 - Even with the cost overrun this was an efficient, expedient and effective way to construct a quality city project
 - It is not easy to add this responsibility onto the already heavy work load that the maintenance staff bears
- All costs for loan repayment funded directly from users of the golf course.

BACKGROUND INFORMATION:

- January 19, 2010 City Council approved a loan agreement of \$800,000 from the solid waste fund for construction of a clubhouse

FINANCIAL SUMMARY:

\$195,231 (\$180,231 + \$15,000 for master plan) added to restructured loan agreement. Loan payoff would increase from \$47,750 to \$63,300 annually. Current and projected golf course revenue exceeds \$100,000 annually. All costs for loan repayment will be funded through revenue from the golf course.

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

[Ordinance](#)

[Spreadsheet](#)

[1999-2018 Oak Hollow Rev. History and Projection](#)

[Loan Repayment Schedule](#)