



# CITY OF MCKINNEY, TEXAS

## Legislation Details (With Text)

**File #:** 11-145 **Name:** Loan Restructure for Golf Course Clubhouse  
**Type:** Ordinance **Status:** Approved and Finalized  
**In control:** City Council Regular Meeting  
**On agenda:** 3/15/2011 **Final action:** 3/15/2011

**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

**Indexes:**

**Attachments:** 1. Ordinance, 2. Spreadsheet, 3. 1999-2018 Oak Hollow Rev. History and Projection, 4. Loan Repayment Schedule

Date	Ver.	Action By	Action	Result
3/15/2011	2	City Council Regular Meeting	Approved and Finalized	Pass

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