



# City of Grand Island

Tuesday, June 9, 2020

Council Session

## Item I-1

**#2020-139 - Consideration of Approving Golf Pro Request for  
Reduced Bonus Thresholds**

Staff Contact: Jerry Janulewicz

# Council Agenda Memo

**From:** Jerry Janulewicz, City Administrator  
**Meeting:** June 9, 2020  
**Subject:** Golf Pro Request for Reduced Bonus Thresholds  
**Presenter(s):** Jerry Janulewicz, City Administrator

## Background

On March 29, 2017, the City of Grand Island and Don E. Kruse entered into a golf license agreement whereby the City contracted with Mr. Kruse to operate the snack bar concessions and serve as golf professional and Director of Golf for Jackrabbit Run Golf Course. Part of the contract provides Mr. Kruse shall receive the following bonus amounts for sales of golf cart passes:

From	To	Bonus
\$155,000	\$160,000	\$6,000
\$160,001	\$165,000	\$7,000
\$165,001	\$170,000	\$8,000
\$170,001	\$175,000	\$9,000
\$175,001	Or more	\$10,000

In the spring of 2020 the golf course was closed the month of April and part of both March and May due to COVID-19 related concerns. To address lost income concerns, Mr. Kruse earlier obtained council approval to receive \$2,500 per week from the city for each week the golf course was closed. To further address lost income, by email sent May 27, 2020 Mr. Kruse requested the following:

I am asking the City to amend my contract concerning my cart bonus quotas. I would like all the quotas to be reduced by \$25,000. I am assuming this would have to be passed by the City Council. If so, I would like it to get this on the June 9th meeting if possible.

Comparing 2019 to 2020, the cart sales lost for the time we were closed was \$25,689. From 3/31-5/26 the carts are down by \$27,465.

I would like to at least have an opportunity in the fall to have chance at some cart bonus. This bonus has always been a large part of my fall income. This year especially has been a challenge for my staff. We are spending about 3 times

the amount of normal time for putting carts back in line. It is very time consuming to disinfect nearly everything that is touched on the carts by our players. Plus we are still washing them off as we always have.

I know that the City paid me \$5,416 earlier for some missed income, and I really did appreciate this. However, I am still taking a huge hit from the closure of the course, and now the building being closed. I also have had to cancel quite a few events and tournaments.

Once again, compared to last year from 3/31-5/26, my commission for green fees and carts is down by \$11,850. The biggest thing is my gross sales on beer, concessions, driving range and pro shop are down by \$39,798 during this same time. I'm estimating that this will net out to another \$12,000-\$15,000 in lost income. If this continues through June or longer, the same figures will probably be true for June and future months.

I feel I am being very fair with the City for only asking for this change in my contract. It would at least give me something to hope for this fall.

The City acquired the golf carts through a lease approved early in 2020. The lease calls for annual lease payments of \$27,969 by the City to the lessor.

### **Discussion**

The attached spreadsheet reflect the current bonus thresholds and bonus amounts and the bonus thresholds proposed by Mr. Kruse. Shown also are examples of the revenue divisions and bonus amounts under the current agreement and that proposed by Mr. Kruse. The column titles City Share less both Cart Lease and Bonus reflects the net amounts that would be received by the City after deducting Mr. Kruse' commission amounts and bonus amounts and the annual cart lease payments. Like Mr. Kruse, the City experienced a loss of income due to the suspension of play as a result of COVID-19 concerns.

If Mr. Kruse' request is approved by council an amendment to the current agreement will be prepared for the 2020 calendar year and will be presented to the City's Mayor and Mr. Kruse for their approval.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

## **Recommendation**

City Administration makes no recommendation regarding this matter, which is being submitted as requested by Mr. Kruse. Should Council choose to amend the bonus schedule, a contract amendment will be prepared for the Mayor's signature effective for the 2020 calendar year only.

## **Sample Motion**

Move to approve the Resolution.

	Current Division of Cart Income					Cart Proceeds as Proposed by Mr. Kruse						
	City Share	Golf Pro Share	Bonus	Golf Pro and Golf Pro	City Share	City Share	Golf Pro Share	Bonus	Golf Pro and Golf Pro	City Share		
<b>Cart Sales</b>												
\$130,000.00	\$97,500.00	\$32,500.00	\$ .	\$32,500.00	\$69,894.00	\$97,500.00	\$32,500.00	\$6,000.00	\$38,500.00	\$68,531.00	\$68,531.00	\$6,273.00
\$135,001.00	\$101,250.75	\$33,750.25	\$ .	\$33,750.25	\$73,584.75	\$101,250.75	\$33,750.25	\$7,000.00	\$40,750.25	\$69,281.75	\$69,281.75	\$7,273.00
\$140,001.00	\$105,000.75	\$35,000.25	\$ .	\$35,000.25	\$77,304.75	\$105,000.75	\$35,000.25	\$8,000.00	\$43,000.25	\$69,031.75	\$69,031.75	\$8,273.00
\$145,001.00	\$108,750.75	\$36,250.25	\$ .	\$36,250.25	\$81,054.75	\$108,750.75	\$36,250.25	\$9,000.00	\$45,250.25	\$71,781.75	\$71,781.75	\$9,273.00
\$150,001.00	\$112,500.75	\$37,500.25	\$ .	\$37,500.25	\$84,804.75	\$112,500.75	\$37,500.25	\$10,000.00	\$47,500.25	\$74,531.75	\$74,531.75	\$10,273.00
\$155,000.00	\$116,250.00	\$38,750.00	\$6,000.00	\$44,750.00	\$88,554.00	\$116,250.00	\$38,750.00	\$11,000.00	\$48,750.00	\$78,281.00	\$78,281.00	\$11,273.00
\$160,001.00	\$120,000.75	\$40,000.25	\$7,000.00	\$47,000.25	\$88,304.75	\$120,000.75	\$40,000.25	\$11,000.00	\$50,000.25	\$82,031.75	\$82,031.75	\$12,273.00

RESOLUTION 2020-139

WHEREAS, On March 29, 2017, the City of Grand Island and Don E. Kruse entered into a golf license agreement whereby the City contracted with Mr. Kruse to operate the snack bar concessions and serve as golf professional and Director of Golf for Jackrabbit Run Golf Course; and

WHEREAS, the contract between the City and Mr. Kruse provides for Kruse to receive specified bonus amounts for sales of golf cart passes which exceed certain defined threshold amounts; and

WHEREAS, Mr. Kruse is requesting the threshold amounts be reduced by \$25,000 at each level during the current calendar year in order for Kruse to recover in part revenue lost during the suspension of golf play and closure of the municipal golf course during the month of April and parts of March and May due to COVID-19 concerns.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the requested reductions of golf cart pass sales bonus thresholds for calendar year 2020 are approved and cart sales bonus schedule in the following amounts is approved:

From	To	Bonus
\$130,000	\$135,000	\$6,000
\$135,001	\$140,000	\$7,000
\$140,001	\$145,000	\$8,000
\$145,001	\$150,000	\$9,000
\$150,001	or more	\$10,000

BE IT FURTHER RESOLVED, the City's legal department is hereby directed to prepare the necessary contract amendment and submit the same for approval of the City's Mayor and Mr. Kruse, and the Mayor is hereby authorized to execute such amendment on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, and June 9, 2020.

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Roger G. Steele, Mayor

Attest:

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RaNae Edwards, City Clerk

Approved as to Form    ☐ \_\_\_\_\_  
June 5, 2020            ☐ City Attorney