

City of Seward, NE
Tuesday, November 3, 2015
Regular Session

Item G4

**CONSIDERATION OF PURCHASING THE ASSETS OF THE
SEWARD COUNTRY CLUB – Mayor Eickmeier & Bruce Smith**

Administrative Report: While the Council may take action on this item, we think it would be prudent at this time to hear from the public and provide the Council an opportunity to ask questions, which can then be answered at a subsequent City Council meeting. It would be at that subsequent meeting that a decision by the Council would be appropriate.

Staff Contact:

Seward Community Golf Course *For the public's enjoyment*

Council Considerations:

- 1. Jones National Bank/Wake Family:** The City enters into an agreement with Jones National Bank to pay the amount still owed by the Seward Country Club in equal installments each year for the next five years. At the end of the five-year term, the Wake family would donate the golf course ground and all improvements to the City.
- 2. Seward Country Club Assets:** The City agrees to pay the Seward Country Club Board a negotiated sum in exchange for all the Club's assets and to cover the Club's debts and remaining expenses (does not include Jones National Bank debt, which will be addressed separately).
- 3. Governance Options:**
 - A. The Seward Community Golf Course becomes the responsibility of the Parks and Recreation Department and its Director. The Parks and Recreation Board would serve in an advisory role, but day-to-day management decisions would be the responsibility of the Parks and Recreation Director similar to the pool and the City's other amenities.
 - B. The Seward Community Golf Course becomes a part of the Parks and Recreation Department, but day-to-day management decisions would be the responsibility of a third-party contracted by the City to manage the entire Golf Course or just the business side of it leaving the grounds keeping to the City.
 - C. The Seward Community Golf Course becomes the responsibility of the Parks and Recreation Department and its Director. The City would contract with a consultant who would serve in an advisory role to the Parks and Recreation Director. The Director would still be responsible for the day-to-day management decisions of the golf course similar to the pool and the City's other amenities. The Parks and Recreation Board would still serve in an advisory role.
- 4. Foundation:** Members of the Country Club and the general public seeking an active role in the Golf Course could form a Foundation similar to the Friends of the Library Foundation. The Friends of the Golf Course Foundation could focus on raising money to pay for improvements to the Seward Community Golf Course in coordination with the Parks and Recreation Director and the City Council.

5. **Employee Positions:** *Depending on the governance structure that the City Council chooses to follow, these employees could be City employees, employees hired by a third-party that has a management contract with the City, or a hybrid arrangement where the Club House employees would work for a third party and the grounds employees would work for the City.*
- A. **Golf Shop manager** – Responsible for golf shop, driving range, golf carts, leagues and tournaments. Would manage **assistants** and/or **seasonal employees**. If there weren't a restaurant, then duties would also include managing the bar and renting the banquet hall for events.
 - B. **Greenskeeper** – Responsible for maintaining the golf course grounds. Would manage **assistants** and/or **seasonal employees**.
6. **Leases:**
- A. **Restaurant** – If the City intends to own and operate a golf course, then a mutually beneficial lease would need to be negotiated with the current restaurant owner.
 - B. **Golf Carts** – Review the current golf cart lease and the current golf cart policy for members using and/or storing their golf carts to maximize revenue.
 - C. **Golf Course Grounds** – Continue existing lease arrangement between the Wake family and the Country Club for five years. At which time the Wake family would donate the ground to the City.

SUMMARY OF PROPOSED GOLF COURSE PURCHASE

- The Seward Country Club (SCC) members voted September 27, 2015 to cease operations as of December 31, 2015. Play on the course ended October 12, 2015.
- SCC has offered for sale the holdings of SCC to the City for \$350,000. SCC owns the Country Club building, and the equipment, but leases the golf course land and the driving range from the Wake family. We are in discussions with the Wake family to continue the lease, if the City were to take over the course. A letter from the Wake family is enclosed articulating their intentions moving forward.
- Currently, SCC owes Jones Bank \$241,000. The additional \$109,000 would be to pay off member loans, property taxes, D & O Insurance Coverage, wages through the end of 2015, and other miscellaneous costs.
- SCC is currently honoring their lease with Nate's on the Nine so the restaurant is open.
- There are currently 30 Cities of the First Class in Nebraska. Of those 30, 10 have municipal courses. The other 20 have at least one golf course in their community and many have more than one. Keep in mind that there are many smaller communities in Nebraska that also have golf courses, as well.

October 30, 2015

The Honorable Joshua Eickmeier
City of Seward
537 Main Street
Seward, NE 68434

RE: Seward Golf Course

Dear Mr. Mayor:

Thank you for your work in exploring options to retain an operating golf course in Seward. We believe that a well-maintained course is important to the community and we appreciate the City's consideration of taking over the course. As the Council begins its review of this issue, we thought it would be helpful to provide a brief written summary of our family's relationship with the Country Club and our thoughts regarding a future relationship with the City.

As you are aware, Steve & Tim Wake own the land where the current golf course operated by the Seward Country Club is located. The Club owns the clubhouse and parking lot property but has leased the golf course property from our family for many years. Under the current lease, the Seward Country Club rents both the golf course and the driving range for a small amount of annual rent and is responsible for maintaining the course and paying the real estate taxes associated with the property.

If the City decides to move forward with acquiring the current Seward Country Club property and operating the golf course, our family is willing to continue a similar lease arrangement with the City. For example, we would anticipate an initial lease term of five (5) years with annual rent of \$1,950 (\$1,200 for the golf course and \$750 for the driving range). The City would pay the real estate taxes on the golf course property and the driving range and would be responsible for providing liability coverage and paying all expenses to maintain the course. At the expiration of the initial 5-year lease term, both the Wake family and the City could evaluate the success of the golf course under City operation. We would at that time consider a gift of the golf course property to the City. We anticipate that such a gift would include some restrictions limiting the use of the property to a golf course or other park or recreational uses.

If you have any questions or concerns as you review this letter, please do not hesitate to contact us. Thank you again for your consideration and we look forward to working with you further on this project.

Sincerely,



Steve Wake



Max Wake