

MINUTES

Board of Directors Meeting Douglas Public Facility Municipal Property Corporation

A public meeting of the Douglas Public Facility Municipal Property Corporation was convened on Tuesday, June 15, 2021, at 5:30 p.m., at the Douglas Golf Course, 1372 Fairway Drive. The following matters were discussed, considered, and decided at the meeting.

2. Roll Call

Board members present were Ruben Robles, Tachi Durazo, Nick Forsythe, Manny Robles, David Arzate, and James Selchow. Absent and excused were Kevin Alvarado. City Official(s) present were Luis Pedroza, Interim City Manager (arrived at 5:50 p.m.). Others present were Daritza Villalobos, City of Douglas Intern and Rhiannon Posada, Golf Course employee.

3. Persons wishing to address the committee in writing or verbally on any item not on the agenda.

None.

4. Approval of Minutes for the Douglas Public Facility Municipal Property Corporation (MPC) for board meeting held on April 20, 2021.

Motion by Tachi Durazo, second by Ruben Robles to approve minutes for April 20, 2021 with an amendment to Item 7. Motion unanimously passed.

5. Report on Balance Sheet and/or Bank Balance(s) update/report on current months for the Douglas Public Facility Municipal Property Corporation, as well as discussion/presentation on the MPC Golf subsidy (if report is available).

James Selchow reported the balance was \$54,689.00. Mr. Selchow was uncertain how much was outstanding and stated the account was assumed to be lower. Additionally, Mr. Selchow reported expenditures were made for irrigation supplies, fertilizer, and seed. He stated there was a \$9,000 check spent at Sports Turf Irrigation for irrigation components.

Board members returned to item five once Luis Pedroza arrived. It was not specified when board members proceeded to address a new item, as a result, items 5, 6 and 9 were discussed within item 5.

Mr. Pedroza provided information regarding the subsidy and stated they were where they should be. Mr. Pedroza stated they were at 75% of a \$180,000 subsidy and the revenue

was at \$168,000. Additionally, the MPC was at \$121,000 expended from a budget of \$190,000.

Mr. Selchow noticed Mr. Pedroza filled out the MPC 2021/2022 budget.

Mr. Pedroza stated he wanted a point of discussion, but he went ahead and filled it out as a starting point based on historic data. The city portion is where it is supposed to be, but the MPC needs to find out where to allocate money.

Mr. Selchow suggested to discuss the budget in a future meeting and make changes where needed.

Furthermore, Mr. Pedroza stated the City approved \$20,000 of federal funding to finish the electrical project at the RV Park and funds carried over from previous funds could be used.

Mr. Durazo stated it should not be a goal to upgrade every slot.

Mr. Pedroza countered the statement and stated it was a necessary fix, however the electrical portion needed to be updated but not necessarily the panel.

Additionally, Ruben Robles mentioned the advanced RVs took up more electricity which made it difficult to provide electrical services without issues.

Mr. Pedroza stated the golf course concerns included watering issues, the RV park, and the liability of the dilapidated shop. He stated the leftover money should be used to fix whatever the board saw as priority, but it is unknown if the new \$40,000 can be used towards golf course projects. However, Mr. Pedroza stated the remaining \$90,000 carried over could be used to finish the projects. In conclusion, Mr. Pedroza stated it would be a while before the RV park would be completed because a scope of work needed to be developed.

6. Discussion/Presentation/Direction and possible decision regarding the proposed 2021/2022 budget for the Douglas Public Facility Municipal Property Corporation (MPC).

Mr. Selchow reviewed the budget, compared it to prior budgets, and saw nothing very different from past years.

Discussion was postponed until Luis Pedroza arrived but was continued in item 5.

7. Information/Discussion and possible decision pertaining to consideration for allowing the use of the Golf Course kitchen for preparation and cooking of food for mobile vendors in Douglas and considering a rental fee.

Mr. Selchow informed the board members he had a conversation with Mr. Pedroza regarding the Cochise County Health Department shut down of several mobile food vendors due to cooking/preparing food on sight instead of in a certified kitchen. Furthermore, Mr. Selchow stated Mr. Pedroza suggested to rent out the golf course kitchen for these vendors. Mr. Selchow opened the discussion to the board members.

The board members discussed the following CONS:

- The kitchen was not prepared to handle an increased amount of usage.
- Difficulty determining a rental fee/ Was the fee cost feasible for vendors?
- Lack of supervision could result in issues.
- Not a big revenue generator.
- Vendors may complain if other vendors used the kitchen more than others.

Motion by Manny Robles, second by Nick Forsythe to NOT rent the kitchen to mobile vendors. Motion unanimously passed.

8. Information/Update on potential sale of the Douglas Municipal Golf Course by the City of Douglas.

Mr. Selchow briefly informed the board members there were individuals interested in purchasing the Golf Course and nearby apartments. Additionally, Mr. Selchow stated Mayor Huish spoke with the Golf and Social Club and informed them money was not involved yet and it was only a discussion at that point in time.

Ruben Robles inquired where the City stood concerning the sale of municipal properties.

Mr. Selchow believed the City saw the properties as an asset, but it was a better option to sell what they do not benefited from. Mr. Selchow mentioned he told Mayor Huish if the golf course could not be subsidized from \$180,000 to \$200,000, then there needed to be a sale.

Several members expressed concern if the potential buyers were capable to run the golf course as a golf course.

Mr. Selchow commented he believed there was a stipulation that would ensure the golf course remain a golf course even after sale.

Ruben Robles inquired if the golf community could potentially oppose the sale.

Mr. Selchow believed that was an option but did not feel it would carry any influence. Furthermore, Mr. Selchow stated he felt the community was under the impression that there was not an interest in golfing or the golf course. Mr. Selchow presented data that showed over 5,000 individuals visited the golf course in a past fiscal year.

Additionally, Ruben Robles supported Mr. Selchow and stated during the pandemic, the number of visitors increased, and new interest was seen in the community. Lastly, Mr. Robles inquired if closure of the back nine was considered.

Mr. Selchow replied it was unknown how the city felt about the idea to rid the back nine after all the investment that was put into it. Furthermore, Mr. Selchow voiced his disagreement to the potential golf course sale and was concerned there might be raised prices which would cause a great loss of interest.

Ruben Robles concluded the conversation and questioned how experienced the potential buyers were to run a golf course.

The following discussion continued once Luis Pedroza arrived.

Mr. Pedroza stated Mayor and Council assigned him to research the potential sale of the golf course and apartments. Mr. Pedroza stated the golf course and apartments are marketed as a package deal, because two investors were interested in the apartment and golf course together as it was a better investment to have both. Furthermore, Mr. Pedroza informed the board members the investors specialized in housing projects which is why they were interested in the apartments. However, Mr. Pedroza clarified there was no interest to sell the golf course nor an interest to approach investors, the investors were the ones who approached the city. Mr. Pedroza emphasized it was prudent for the city to consider the sale given the current golf course situation. Additionally, Mr. Pedroza stated it was amenable to a set a water deal established at a certain rate and slowly raised to a point where they would pay the rate they are supposed to pay. Mr. Pedroza stated the goal of the city is to be able to ease the transition of ownership and not to focus solely on a profit. Furthermore, Mr. Pedroza considered leasing out the liquor license until the investors obtained their own license. Mr. Pedroza mentioned the high school wanted to continue to use the golf course for their practice and requested there be a continuation of allowance. Lastly, Mr. Pedroza stated if by any reason for the first 60 days they did not operate as a golf course, the city had the right to take back ownership regardless of who owned it.

Mr. Selchow inquired if the back nine built with bond money posed an issue.

Mr. Pedroza stated it was not an issue because the bonds were paid off in 2014. However, there was a lien on the golf carts, but it would not cause an issue either. Mr. Pedroza noted the apartments included a HUD loan that needed to be worked through.

Mr. Selchow inquired the possibility to bring affluent to the golf course even though there was a treaty between Mexico who were the acceptors of the affluent.

Mr. Pedroza stated the treaty specifies Mexico agreed to accept the affluent, however it is not a requirement to provide Mexico with the affluent. Mr. Pedroza elaborated on the ADEQ permit which allowed the affluent to go to Mexico, but it did not meet a certain quality to use the affluent in the United States. Mr. Pedroza informed the board members

it would take time to wait for the ADEQ to approve a permit and to consider how feasible the project was since it required a pumping system to push the water upstream, install new pipes, and break the streets to install the systems. Mr. Pedroza assured the board members the water was used in Mexico for irrigation, and it was clean water, it was just not up to ADEQ U.S. standards.

9. Information/Discussion, and possible Decision pertaining to aspects to be presented in the periodic standing report from staff regarding maintenance of the golf course MPC facility, equipment, greens/fairways and water delivery system.

Mr. Selchow provided the following update

- The backside, fairway and eight and nine areas were reseeded.
- The water system on the pump control panel was reconfigured.
- The first pump was refurbished.
- The water is has improved but there remains to be limited water.
- Ely Acosta developed a water schedule which limited the back nine to be watered Monday-Thursday 8 p.m. – 9 a.m. which the last water on Friday at 9 a.m.
- Hand-watering was looked at as an option.

Mr. Durazo stated it was impossible to grow the seed because the four consecutive days of no water would destroy the purpose of the seeds being planted.

Mr. Selchow stated the city was great at giving water, but more water was needed.

Board member (unknown) commented the financial investment in January meant the utilized funds would go to waste if there was no water.

Mr. Pedroza explained one of the two main wells that produced 80% of city water went down. Mr. Pedroza stated it was not just golf course who suffered, but also the city would suffer as a whole if changes were not made. Wells 11 and 15 produced water at 350 gallons per minute for four hours but production was brought down to 250 gallons per minute full time. Mr. Pedroza continued and stated silt in the water caused the shutdown. However, Well 15 was a larger production and was close to being fixed. Mr. Pedroza stated Well 17 also went down because it was overheated.

Manny Robles inquired what happened to the well near the golf course.

Mr. Selchow and a board member (unknown who) stated the well did not effectively collect water and was deemed unusable.

A board member (unknown who) suggested the city needed to dig deeper to 1,000 to obtain the water needed. He stated the local farmers had dug deeper and were able to obtain water.

Mr. Pedroza reminded the board members to keep in mind there was competition across the border, digging deeper was not the only solution, and other solutions needed to be looked for.

Board members continued to discuss the issue.

Mr. Selchow informed the board members Matt Urban from Ruidoso, NM visited and confirmed the lack of water was the primary issue. Mr. Urban suggested the sand was also an issue and suggested chemicals could be used to promote growth. Mr. Selchow stated Mr. Urban thought the equipment was not useful as it was outdated. Furthermore, Mr. Selchow reported the valves and sprinklers were fixed one by one and work was done to combat the weeds. Lastly, Mr. Selchow reported the walk in cooler at the Country Club was an issue being repaired.

Rhiannon Posada reported the first wedding reception since the pandemic was held at the Country Club.

Board members stated past golf tournament brought in 26 players.

Mr. Durazo recommended to scrape out the goat head plants before they caused an issue.

10. Information/Update with a possible Discussion/Decision on current events, updates or concerns at the golf course since the April 20, 2021 meeting.

Ruben Robles stated there is continuation of “Thursday Sundowners” where they averaged 10-16 players per week to go along with the “Wing and Burger Night”.

Manny Robles informed the group of an upcoming fundraiser tournament to help an individual who had cancer.

Mr. Pedroza informed the board members City Hall no longer required masks but allowed city facilities to recommend and wear face masks if they saw a need. Mr. Pedroza welcome the golf course facility to do as they saw fit.

Mr. Selchow stated the golf course continued to recommend the use of face masks.

Rhiannon Posada proposed hour changes as follows: Tuesday-Wednesday 8-6 and Thursday to Sunday 8- past 6 (time was not specified).

Motion by Manny Robles, second by Ruben Robles to extend the operating hours at the Golf Course, effective immediately. Motion unanimously passed.

11. Discussion and direction/consensus for items to be discussed at future meetings.

Board members agreed upon discussing the approval of the budget items at a future meeting.

12. Adjournment

Motion by Manny Robles, second by Ruben Robles to adjourn the meeting at 6:46 p.m.

Prepared by:
Jesalen Luna, Deputy City Clerk