

Background

The Board of Directors modified the Policy and Procedures to permit the collection of "Trail Fees" for the construction of concrete golf cart paths for SEPO Par 3 Golf Course. This action commenced sometime in 2003, based on research by Mecca Henry. The current fee is \$25 for each golf cart permit that utilizes the golf cart paths/ trails within the golf course.

For planning purposes, the total annual revenue received for Trail Fees, which can vary between years, totals slightly more than \$3,300 for 2020 through August 2020, representing approximately 132 golf cart permits.

Major expansion of the golf cart trails has been completed under the leadership of Lyn Swonger. Only the area between tee boxes and existing cart trails for number 1 and number 3 holes remain, once the last segment of the trail on number 4 fairway is completed in the next 30-45 days. He believes all the remaining unbuilt segments can be completed by years end. A complete golf cart trail/pathway system will then be completed. This effort marks an achievement where a fee was established in order to fund an improvement creating a user fee-based improvement. Current and prior Boards who supported this approach should be appreciated in "completing the golf cart trail system ", mission accomplished!

With the upcoming budget process, and the status of the golf cart trail, the need to continue to collect Trail Fees needs to be reviewed by the Board.

Analysis Review of Alternatives

Ultimately the decision to establish the amount, collect and expend Trail Fees is vested with the Board.

The Board's "**AUTHORITY** for these policies and rules is contained in Section 2.1 and Section 8.1 of the Covenants and Section 4.1 of the Bylaws which provide that "the affairs of Sunshine Country Club Estates shall be managed by its Board of Directors and that the Board shall have the responsibility and authority to prescribe rules and regulations covering the use of the common areas, streets, utilities and any other portions of the properties."

There appears to be several options for the Board's consideration

1. Maintain the status of the Trail Fees, where money collected shall only be used for the concreted golf trails, most of which would be associated with maintaining the existing and new portions recently completed. It is reasonable to assume little maintenance would be required for the golf cart paths on an annual basis, however, unused funds would accumulate for that purpose over time.
2. Reduce or eliminate the Golf Trail fees. Since the purpose has now essentially been satisfied, and the users have paid for the improvement, the fees could be removed and / or reduced. This

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would be like establishing a toll road, and when the toll road is paid off, the tolls are removed, or greatly reduced to only provide for maintenance of the facility.

3. Maintain the status of the Trail Fees, however, expand the permitted use of the funds, projected to be about \$3,500 per year. Those new uses might include construction/maintenance of:
 - a. future/existing concrete golf cart pathways/trails,
 - b. water features on the golf course, including, but not limited to masonry walls of the golf course ponds and aeration pumps/fountains,
 - c. water irrigation and lighting improvements, and/or
 - d. landscaping improvements, all of which shall be within the limits of the golf course.
 - e. Or any other item the Board feels need to be considered.

The Board just this year authorized an expenditure to replace the pond fountain between holes 8 and 9 at a cost of \$3279, which came from general fund dollars.

Fiscal Analysis

This is a policy decision by the Board, there is no right or wrong response. Any such change should be discussed and a resolution approving any change needs to be approved and or rejected by the Board.

On April 29th Mecca Henry reported the following which is provided in the minutes of that meeting. It should be noted that segments of the golf trail identified below have now been completed and it appears an entry into our current books has been made, which rectified the issues Mecca notes which follow:

Mecca reported on her research regarding golf cart trail fees. A summary of her findings was presented to the Board and is shown in the summary table which follows, showing the amount of funding collected for Golf Cart Trail Fees, and expenses associated with concrete Golf Cart paths, from 2003-2020: Summary of Collected Trail Fees and Expenses for 2003-2020

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Summary of Collected Trail Fees and Expenses for 2003-2020

Year	Trail Fees	Trail Expenses	Balance
2003	1,010.00	1,850.00	(840.00)
2004	1,080.00	5,000.00	(4,760.00)
2005	2,120.00	-	(2,640.00)
2006	2,300.00	4,625.00	(4,965.00)
2007	2,500.00	3,500.00	(5,965.00)
2008	2,300.00	-	(3,665.00)
2009	2,300.00	-	(1,365.00)
2010	2,320.00	1,645.00	(690.00)
2011	2,560.00	2,957.00	(1,087.00)
2012	2,950.00	2,884.00	(1,021.00)
2013	3,160.00	4,784.00	(2,645.00)
2014	3,260.00	-	615.00
2015	2,880.00	-	3,495.00
2016	2,960.00	-	6,455.00
2017	2,760.00	-	9,215.00
2018	3,625.00	-	12,840.00
2019	3,550.00	2,676.08	13,713.92
2020	3,225.00	6,123.90	10,815.02
Total	46,860.00	36,044.98	10,815.02

Currently the total Trail Fees collected from 2003 through the date of this report is almost \$47,000. It should be noted this fee could be considered a "User" type of fee. If you do not drive your golf cart on the golf course, no Trail Fee is needed or collected. Only if you "use" the golf cart trails, do we require a Trail Fee payment. Approximately \$10,800, has not yet been used for the purpose intended. The Golf Trail segments where no concrete pathways existing include:

- Number 1 fairway, from tee box to existing pond bridge
- Number 3 fairway, from tee box to number 4 tee box, and
- Number 4 fairway, from tee box to the existing cart path, leading to Indiana Circle. **[added note by T Tramel, this segment is concurrently under construction]**

Mecca Henry indicated it took some time to verify the expenses, because in at least one prior budget year, the expenses for this effort were not clearly identified. Lyn Swonger stated he has consistently marked / annotated the related expenses for golf trails and he will continue this practice. Funds that remain in this account should be carried forward in each budget year for construction and maintenance of the concrete pathways pursuant to current Board Policy and Procedures. Neil Morehead asked if the trail fee would be eliminated once the concrete paths are completed. Lyn indicated maintenance will still be needed. Since this issue is part of the Board Policy and Procedures, the Board can set any new and / or revised policies to address this matter in the future. Mecca indicated our current budget document did not identify the revenue for trail fees to be carried forward as currently described in the Board's Policy and Procedures. Mecca intends to consult with our CPA firm to identify these Trail Fee revenues and related expenses and account for them in accordance with accepted accounting principles and practices. She indicated a journal entry most likely will need to be made, in order to provide documentation regarding this oversight in carrying the Trail fees forward when the 2020 Budget

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was prepared, and also to continue this practice in accordance with the Board's adopted Policy and Procedures. Tony Tramel moved to accept Mecca Henry's report on Trail Fees and authorize her in consultation with SEPO's CPA firm to make the necessary budgetary adjustments consistent with accepted accounting practices. Motion was seconded and approved unanimously.

If we change the amount and / or use of the Trail Fees, it needs to be reflected in the budget year for 2021 by the Secretary.

Recommendation/ Conclusion

The attached resolution and / or some amendment to SEPO Resolution 2020-2 is submitted for Board consideration at the next scheduled Board Meeting once placed on the Agenda.

A positive vote would allow Trail Fee funding to be utilized for other specific items contained in our golf course. It is planned that the concrete trail will be complete by the end of the 2020 calendar year. Once completed, the maintenance of this trail will be minimal. Once can either redirect the anticipated golf cart trail fees to those purposes noted, or consideration should be given to reducing and or eliminating the \$25 annual golf cart fee which currently is limited by Board Policy to only concrete cart pathways.

Prepared by Tony Tramel, SEPO Secretary

Attachments:

Resolution 2020-2