



2020 Budget Suggestions to HSVPOA Board

Description

Tom Blakeman offers comments and suggestions to HSVPOA Board in advance of the October 10, 2019, Budget Meeting

Tormey & Diana,

As you again review the budget on October 10th please consider the below comments and suggestions. I am sending this only to you two because I feel you are the only two Board Members that are really paying attention. You may forward this to the others if you wish.

- The idea of a surcharge on golfers, which it seems the Board has agreed to, is pure folly. A surcharge won't work:
- How can you put a surcharge on the daily Member player greens fee when you have a variable fee to begin with? It is smoke and mirrors. The Troon originated "Flex Pricing" variable fee model for golf has failed miserably in HSV – just like all the other Troon ideas. Board Members should own the "Flex Pricing" problem and fix it.
- We are also in a different time and market now than in 2008 and 2012 when surcharges were previously used. Since then our golf rounds have been dropping every year and we do not have pricing power in the marketplace to increase fees – at all. Back then we also had fixed fees to start with but once added the \$2 surcharge really never went away. It just became part of the cost of golf; part of the increased fees that helped drive rounds down through today. It simply won't work.

- The \$2, \$3 or even \$5 idea proposed may not sound like much to some of our wealthier annual fee players who are doing 200 or 300 rounds per year, particularly if their basis is only 100 rounds. But the fact is we are already well above market when you include cart fees. We are simply not in a market that will support the level of golf fees we would like or may be possible in larger metro and resort areas. Keep in mind annual player members have been dropping every year, for years.



- It is very disappointing that not one board member even questioned the price elasticity of golf fees. There was virtually no discussion of the real market price for golf in this area of central Arkansas. Anyone can go on Golf Now and see how our daily fees DO NOT compare favorably to others within a 50-mile radius. Or, just go to the websites of a few “country club” type golf courses in the area and compare their annual fees and member benefits. Entire families can get full unlimited privileges for less than our Annual Golf Fee. We DO NOT compare and HSV is not a country club. If the majority of Villagers wanted a high dollar country club we would have bought homes in Diamante and be paying the \$500 per month they charge – and they are out of line with the market too – that’s why Diamante homes don’t sell – ask a Realtor. The following links will prove the points just made:

[Click here for Golf Now Tee Times Near Me](#)

[Click here for Centennial Valley Country Club Membership and Pricing Information](#)

[Click here for Eagle Hill Golf and Athletic Club/Affordable Golf Memberships](#)

- The idea of an across the board fee on all amenities/ households is even worse. I usually don’t agree with the CEO on much but on this, she is right on target: If it “smells” like an assessment, it is an assessment. Unacceptable. By the way, you are not going to get any assessment increase votes until the Board can take back the POA and demonstrate that proper management is in effect and monies are being wisely spent.
- The staff idea of “freezing” unfilled golf maintenance positions is not a solution to anything either. If we needed the 10 additional workers a few years ago how can we not need them now? If we had had them all these years surely a lot more work could have been done that hasn’t been done. Buddy’s idea that we need a crew (or crews) to be assigned to irrigation (or

whatever) was discarded off-hand by staff. It shouldn't have been.

- The idea that our problem with rounds is mostly weather-related is phony. Just look back at all the board minutes for the last 10 years and you will find that we have had weather issues every single year. What are you going to do next year if the weather doesn't cooperate with 365 "playable" days?
- Finally, the proposal that you can budget a 38% increase each for Green Fees – Members and Green Fees – Non-Property Owners got nowhere enough scrutiny in the previous budget meeting. This is an obvious red flag begging for objection. There is just no way that can be achieved without wholesale changes in how HSV prices and markets golf.
- In summary, there is a golf pricing and marketing crisis here in HSV. The budget doesn't address it and it appears that the Board is not addressing it. Golf should be a profit center and not a \$2 Million LOSS center. And NO this is not a general "funding" problem.

That's all I have for golf. But there is another solution to our financial woes which no one is talking about. And, it would work. [Frank Leeming proposed it](#) just a couple of months back but it has been totally ignored. To quote Frank:

- We should implement . . ." a \$5,000 buy-in fee to the cost of every home sale in the Village, and perhaps \$500 on every lot sold. The idea is intriguing: Existing homeowners and property owners – you and I – have been paying for Village infrastructure and amenities for years through assessments and fees. Why shouldn't newcomers be asked to share some of that cost? Over the last three years, an average of 650 home sales have been recorded each year in the Village. If the buyers paid a \$5,000 buy-in fee, it would generate \$3.25 million a year. Tracking lot sales in the Village is more difficult, but a board committee studying the issue in 2013 found there was an average of 1,643 lot transactions a year in Saline County between 2007 and 2012, and 1,367 in Garland County. That's an average of 3,010 a year. If there was a \$500 buy-in fee on each deal, it would bring the POA \$1.5 million a year. That would be a good way to fund redoing the Balboa Club, and help fill POA coffers in the years ahead."

The Leeming idea is a good one. It is a concept being utilized by other communities similar to ours that also had capital and maintenance funding issues in the past. It would work and, assuming a vote is needed, is much more likely to get passed than any assessment increase.

Thanks for your consideration,

[Tom Blakeman](#), 10 October 2019

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