

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
FISCAL YEAR ENDING DECEMBER 31, 2010**


1. **Division and Department:** Finance and Administration, Golf & Learning Center
2. **Introduction:** The operating budget for the Golf & Learning Center (G&LC) is presented annually to the Board of Trustees (Board) for approval. Attached is a description of the G&LC (Attachment A) which outlines the previously approved business plan; the 2010 G&LC budget summary (Attachment B); the Registration and Golf Fees 2010 (Attachment C); and the Oakland University (University) G&LC Proposed Budget – All Funds, Fiscal Year 2010 (Attachment D).
3. **Previous Board Action:** On November 5, 2008, the Board approved the Fiscal Year 2009 budget for the G&LC.
4. **Budget Implications:** The G&LC is an auxiliary operation and is self-supporting. Under the proposed budget and fees, there is a projected deficit after major capital expenditures due to a plant renewal project currently underway that will replace the original, 32 year old irrigation system and bunker sand on Katke-Cousins Golf Course. Using generally accepted accounting principles, the completed portion of the irrigation project will be expensed in 2009 and 2010 but will be paid, interest free, over four years as described in Attachment B. The G&LC maintains a strong cash balance.
5. **Educational Implications:** The G&LC is used by the Men's and Women's intercollegiate golf teams.
6. **Personnel Implications:** The proposed budget includes salary and wage adjustments per University authorization, staffing changes as required for the G&LC, as well as payment of the General Fund Administrative Fee.
7. **University Reviews/Approvals:** The G&LC Operating Budget was prepared by the Director of the G&LC and reviewed by the Financial Performance Review Committee, Budget and Financial Planning Office, Vice President for Finance and Administration and President.
8. **Board Action to be Requested:** At the November 9, 2009 Formal Session the Board will be asked to approve the Golf & Learning Center Operating Budget for the fiscal year ending December 31, 2010.
9. **Attachments:**
 - A. G&LC Description of Program
 - B. G&LC 2010 Budget Summary
 - C. G&LC Registration & Golf Fees 2010
 - D. Oakland University G&LC Proposed Budget – All Funds, Fiscal Year 2010

**Submitted by Vice President for Finance and Administration
and Treasurer John W. Beaghan:**

Reviewed by Secretary Victor A. Zambardi:

Reviewed by President Gary D. Russi:


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Golf and Learning Center

Description of Program

The Oakland University Golf and Learning Center (G&LC) was originally conceived in 1975 as a recreation amenity for students, faculty and staff. The Katke-Cousins course opened on May 1, 1977 and it quickly took on a broader role in the community, serving also as a major vehicle to attract Oakland University (University) President's Club donors, and, through golf outings, local corporate support for the University and its educational programs. In 1999, construction of a second course began, which was added to further enhance this successful University program. The R & S Sharf course opened for play on August 25, 2000. Beginning with the 2006 golf season, the G&LC successfully implemented a new business plan focused on expanding the customer base.

The G&LC is located on the University's east campus. It is a 36-hole golf property with two championship courses. The property is maintained by its own professional staff including administrative and grounds employees specially trained to operate and maintain a first-rate facility. Recently, the complex has registered between 32,000 and 34,000 annual rounds of golf. Golf rounds are comprised of student, faculty, staff, alumni, and registered golfers from the community. The G&LC is a self-sustaining auxiliary entity within the University. Its buildings and facilities include a clubhouse, two maintenance buildings, two food service buildings, a golf range learning center, a golf car storage garage, and several ancillary environmentally required structures for storage and equipment washing.

The G&LC serves an important role by providing an entry point for developing community and University collaborations. The G&LC's long-range plan is to continue to maintain first-rate championship golf courses that provide all University constituencies with a pleasant recreational experience, and sustain a high-quality image while representing Oakland University as an outstanding educational institution.

Key Performance Indicators

	<u>2007</u>	<u>2008</u>	<u>2009</u> ⁽¹⁾
Rounds of golf	34,317	33,563	32,000
Golf Registrations	751	713	614
G&LC Fund balance	\$691,860	\$729,148	\$97,911

(1) Projected Year End includes \$ 23,557 restricted Fund Balance.

Golf and Learning Center

2010 Budget Summary

Budgeted revenues are projected based on the continued success of the current G&LC business plan that was approved in 2006 by the Oakland University Board of Trustees (Board). The 2010 budget is derived assuming the same basic rate structure as 2009. The golf course obtained a new golf car fleet in 2009 and the 2010 budget has been prepared with a \$5.00 golf car rental increase and a \$2.00 increase for a bucket of range balls. Golf registration options include Bronze (\$750 with access to Katke-Cousins (KC)), Silver (\$1,500 with access to KC and R & S Sharf), Gold (\$3,950 for unlimited personal golf fees on both courses) and a new Platinum level (\$5,000 for unlimited personal golf fees on both courses, and includes personal golf car fees and personal use of the practice range). The G&LC continues to be financially stable and is positioned nicely within the surrounding region's golf market.

Projections for 2010 golf rounds and revenue for the G&LC were made after review of historical data and with consideration of regional industry data. The revenue budget anticipates 31,000 golf rounds at fees shown in the attached fee schedule. This assumes a conservative approach toward weather conditions (which impact revenue) and registrations (within a "flat" golf industry marketplace).

The G&LC expense budget includes a decrease in overall expenses of 4.93%, and includes staffing realignment to better meet the seasonal needs of the G&LC.

The Katke-Cousins irrigation system replacement project that was approved in the 2009 budget commenced in September and should be completed in the Spring 2010. The system replaced was the original system installed in 1975 & 1976 prior to the course opening. It was a single row system and had out lasted its estimated 20-year life. The new system will allow for more efficient water use and expanded course coverage for fairway, immediate adjacent rough areas, greens and tees and their immediate surrounding areas. This project will be funded through the G&LC operations and reserves. Marc Dutton Irrigation, Inc., the low qualified bidder, has agreed to a payment schedule that would allow the Golf Course to make payments through operating revenues in years 2009 (\$500,000), 2010 (\$200,000), 2011 (\$200,000) and 2012 (\$156,550).

The bunker replacement project that was approved in the 2009 budget has been started and will provide new bunker sand into existing Katke-Cousins' 47 bunkers through a project that extracts the current sand, which is 15 years old, rocky and compacted, and converts the sand to an exact match of quality and sand type that is currently on the R&S Sharf course. The project is expected to cost \$224,000 to be completed over two fiscal years, 50% in the Fall 2009 and 50% in the Spring 2010.

The 2010 budget produces an anticipated decrease to the G&LC fund balance of \$57,793 and a fund balance at December 31, 2010 of \$40,118. On a "cash flow" basis the Golf Course remains stable and by the end of 2012 will have a projected fund balance back up to \$700,000.

OAKLAND UNIVERSITY GOLF & LEARNING CENTER REGISTRATION AND GOLF FEES 2010

Golf Registration Options:

BRONZE	\$ 750
SILVER	\$ 1,500
GOLD (all-inclusive personal golf fees)	\$ 3,950
PLATINUM (all-inclusive personal golf fees, personal golf car fees and practice range fees)	\$ 5,000

KATKE-COUSINS GOLF COURSE	<u>WEEKDAY</u>		<u>WEEKEND/HOLIDAY</u>	
	9 Holes	18 Holes	9 Holes	18 Holes
Students, Full Time	\$13.00	\$14.00	\$14.00	\$20.00
Students, Part Time	\$19.00	\$25.00	\$21.00	\$28.00
Student's Family, Faculty/Staff and Family	\$28.00	\$35.00	\$32.00	\$40.00
BRONZE/SILVER	\$28.00	\$35.00	\$32.00	\$40.00
Guests	\$60.00	\$60.00	\$65.00	\$65.00
Golf Car (per golfer)	\$15.00	\$25.00	\$15.00	\$25.00

R & S SHARF GOLF COURSE	<u>WEEKDAY</u>	<u>WEEKEND/HOLIDAY</u>
SILVER and Student/Faculty/Staff and Family (includes golf car)	\$67.00	\$72.00
Guests of PLATINUM/GOLD/SILVER /Student/Faculty/Staff (includes golf car)	\$90.00	\$95.00
Guests - non affiliate (includes golf car)	\$125.00	\$130.00
Golf Car for GOLD members	\$25.00	\$25.00

Oakland University
Ancillary Activities Operating Budget
Golf & Learning Center
Proposed Budget - All Funds
FY2010

	FY2009 BUDGET	FY2009 ESTIMATED ACTUAL	FY2010 PROPOSED BUDGET
REVENUE:			
Operating Revenue	\$ 2,959,527	\$ 2,665,349	\$ 2,711,875
Retail Sales	271,500	240,564	222,000
Student Tuition Allocation	-	-	-
Gifts and Grants	60,000	55,760	53,000
Investment Income	15,400	521	400
General Fund Support	-	-	-
Total Revenue	<u>\$ 3,306,427</u>	<u>\$ 2,962,194</u>	<u>\$ 2,987,275</u>
EXPENDITURES:			
Compensation	\$ 1,591,357	\$ 1,387,040	\$ 1,217,273
Supplies and Services	548,800	529,070	534,250
Repairs and Maintenance	325,000	300,066	292,885
Cost of Retail Sales	196,000	170,950	172,000
Equipment	153,220	113,834	157,500
Insurance	65,000	57,895	64,000
Utilities	91,150	74,770	82,450
Debt Service	7,400	7,400	7,400
University Overhead	119,000	118,692	96,004
Other Transfers	-	-	-
Total Expenditures	<u>\$ 3,096,927</u>	<u>\$ 2,759,717</u>	<u>\$ 2,623,762</u>
Net Revenue	<u>\$ 209,500</u>	<u>\$ 202,477</u>	<u>\$ 363,513</u>
Restricted Fund Balance *	\$ 23,557	\$ 23,557	\$ 23,557
Unrestricted Fund Balance	915,091	908,068	437,867
Less: Major Capital Expenditures	1,168,550	833,714	421,306
Total Fund Balance	<u>\$ (229,902)</u>	<u>\$ 97,911</u>	<u>\$ 40,118</u>
Learning Center Annuity		<u>\$ 23,557</u>	
Restricted Fund Balance *		<u>\$ 23,557</u>	