

Agendum
Oakland University
Board of Trustees Formal Session
December 2, 2015

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
CALENDAR YEAR ENDING DECEMBER 31, 2016**

A Recommendation


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 2016 G&LC Budget Assumptions (Attachment B); the Registration and Golf Fees 2016 (Attachment C); the Oakland University (University) G&LC Proposed Budget – All Funds, 2016 (Attachment D) and the G&LC Proposed Major Capital Expenditures 2016 (Attachment E).
3. **Previous Board Action:** On December 1, 2014, the Board approved the 2015 budget for the G&LC.
4. **Budget Implications:** The G&LC is an auxiliary operation and is self-supporting. Under the proposed budget, there is a projected increase to the G&LC fund balance of \$67,669.
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 Charge.
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. **Recommendation:**
RESOLVED, that the Board of Trustees approves the Oakland University Golf & Learning Center Budget for the fiscal year ending December 31, 2016, with budgeted operating expenditures of \$3,457,881 and capital improvement expenditures of \$155,800; and, now, be it further
RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees.

**Golf and Learning Center Operating Budget for
Calendar Year Ending December 31, 2016
Oakland University
Board of Trustees Formal Session
December 2, 2015
Page 2**

9. Attachments:

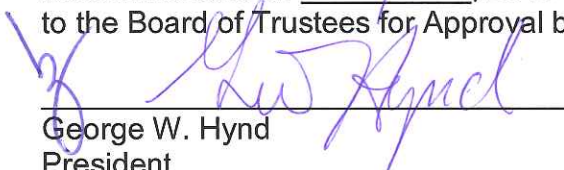
- A. G&LC Description of Program
- B. G&LC 2016 Budget Assumptions
- C. G&LC Registration & Golf Fees 2016
- D. G&LC Proposed Budget – All Funds, 2016
- E. G&LC Proposed Major Capital Expenditures, 2016

Submitted to the President
on 11/18, 2015 by



John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 11/20, 2015
to the Board of Trustees for Approval by



George W. Hynd
President

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 the University community through the generous contributions of Mr. and Mrs. Katke and Mr. and Mrs. Cousins. 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) 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. Mr. and Mrs. Sharf made possible the R & S Sharf golf course which opened for play on August 25, 2000. The 36 hole golf course facility along with a short game and learning center practice range has continued to grow and develop with the addition of the Steve Sharf clubhouse in 2012 and the new banquet facility has the capability of hosting events for up to 250 guests. The catering agreement is currently up for bid. Also, beginning in 2013 the Rick Smith golf academy was added to provide top quality golf instruction. The facility continues to attract student, faculty and staff golfers along with a broad spectrum of community minded individuals who support Oakland. The new clubhouse and banquet buildings have increased the community interest in Oakland with a continued increase in special events and meeting requests. Additionally new OU golf team facilities were added and funded by Mr. & Mrs. Tooman, and are also located on the property.

The G&LC is located on the University's east campus. The property is maintained by its own professional staff including administrative and grounds employees specially trained to operate and maintain a first-rate golf facility. Recently, the complex has registered approximately 35,000 annual rounds of golf. Golf rounds are comprised of student, faculty, staff, alumni, as well as registered golfers from the community, and a number of corporate and charitable golf outings. The G&LC is a self-sustaining auxiliary entity within the University. Its buildings and facilities include a clubhouse, banquet building, two maintenance buildings, one on-course food service building, 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 relationships. 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>2013</u>	<u>2014</u>	<u>2015</u>
Rounds of golf	35,233	33,703	35,100
Golf Registrations – full status	690	663	646
G&LC Fund balance	\$494,869	\$736,806	\$774,967

Golf and Learning Center

2015 Explanation of Major Changes

Major capital expenditures in 2015 include \$335,000 for the replacement of R&S Sharf bunkers, re-design and construction of Sharf #8 green and expansion of the practice green. The road widening and sidewalk project was completed in the amount of \$103,600.

Golf and Learning Center

2016 Budget Assumptions

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 2016 budget is derived assuming no proposed increases to the annual registration fees and greens fees. Golf registration options include Bronze (\$1,000 with access to Katke-Cousins (KC)), Silver (\$1,750 with access to KC and R & S Sharf), Gold (\$4,200 for unlimited personal golf fees on both courses) and a Platinum level (\$5,750 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 2016 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 34,000 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).

Supplies and services and repairs and maintenance budget line items were increased to reflect the Sharf clubhouse and the banquet facility and anticipated costs associated with operations.

The budgeted compensation line item reflects a full staffing level in 2016.

The 2016 budget produces an anticipated increase to the G&LC fund balance of \$67,669 and a fund balance at December 31, 2016 of \$842,636.

**OAKLAND UNIVERSITY
GOLF & LEARNING CENTER
REGISTRATION AND GOLF FEES 2016**

Golf Registration Options:

BRONZE	\$ 1,000
SILVER	\$ 1,750
GOLD (all-inclusive personal golf fees)	\$ 4,200
PLATINUM (all-inclusive personal golf fees, personal golf car fees and practice range fees)	\$ 5,750

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	\$30.00	\$37.00	\$35.00	\$42.00
BRONZE/SILVER	\$30.00	\$37.00	\$35.00	\$42.00
Guests	\$65.00	\$65.00	\$70.00	\$70.00
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)	\$70.00	\$75.00
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 affiliates	\$25.00	\$25.00

Oakland University
Ancillary Activities Operating Budget
Golf & Learning Center
Proposed Budget - All Funds
Calendar 2016

	2015 BUDGET	2015 ESTIMATED ACTUAL	2016 PROPOSED BUDGET
REVENUE:			
Operating Revenue	\$ 3,321,751	\$ 3,377,408	\$ 3,300,950
Retail Sales	301,800	352,992	338,400
Student Tuition Allocation	-	-	-
Gifts and Grants	16,500	17,650	14,500
Investment Income	26,000	27,550	27,500
General Fund Support	-	-	-
Total Revenue	<u>\$ 3,666,051</u>	<u>\$ 3,775,600</u>	<u>\$ 3,681,350</u>
EXPENDITURES:			
Compensation	\$ 1,465,215	\$ 1,445,462	\$ 1,471,641
Supplies and Services	801,360	765,427	844,660
Repairs and Maintenance	352,300	351,463	369,800
Cost of Retail Sales	220,000	247,840	240,000
Equipment	231,394	314,155	325,394
Insurance	12,800	10,574	12,800
Utilities	127,500	102,696	126,700
Debt Service	7,400	7,400	7,400
University Overhead	53,821	53,821	59,486
Other Transfers	-	-	-
Total Expenditures	<u>\$ 3,271,790</u>	<u>\$ 3,298,838</u>	<u>\$ 3,457,881</u>
Net Revenue	<u>\$ 394,261</u>	<u>\$ 476,762</u>	<u>\$ 223,469</u>
Ending Balances prior to Major Cap.Expenditures:			
Restricted Fund Balance *	\$ 17,349	\$ 17,349	\$ 17,349
Unrestricted Fund Balance	1,113,717	1,196,218	981,087
Less: Major Capital Expenditures	348,700	438,600	155,800
Total Fund Balance	<u>\$ 782,366</u>	<u>\$ 774,967</u>	<u>\$ 842,636</u>
London Annuity		<u>\$ 17,349</u>	
Restricted Fund Balance *		<u>\$ 17,349</u>	

Oakland University
Golf & Learning Center
Proposed Major Capital Expenditures
Calendar 2016

Item Description	Estimated Cost
Building Maintenance Grounds - various	\$ 112,200
Deferred Maintenance TBD	43,600
2016 Budget Total	\$ 155,800