

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
FISCAL YEAR ENDING DECEMBER 31, 2013**

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 2013 G&LC budget summary (Attachment B); the Registration and Golf Fees 2013 (Attachment C); the Oakland University (University) G&LC Proposed Budget – All Funds, FY2013 (Attachment D) and the G&LC Proposed Major Capital Expenditures FY2013 (Attachment E).
3. **Previous Board Action:** On December 19, 2011, the Board approved the FY2012 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 increase to the G&LC fund balance of \$239,148
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. **Recommendation:**
RESOLVED, that the Board of Trustees approves the Oakland University Golf & Learning Center Budget for the fiscal year ending December 31, 2013, with budgeted operating expenditures of \$3,054,182 and capital improvement expenditures of \$25,000; and, now, be it further

**Golf and Learning Center Operating Budget for
Fiscal Year Ending December 31, 2013
Oakland University
Board of Trustees Formal Session
December 3, 2012
Page 2**

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 designee and those amounts shall be reported on a periodic basis to the Board of Trustees.

9. Attachments:

- A. G&LC Description of Program
- B. G&LC 2013 Budget Summary
- C. G&LC Registration & Golf Fees 2013
- D. G&LC Proposed Budget – All Funds, FY2013
- E. G&LC Proposed Major Capital Expenditures, FY2013

Submitted to the President
on 11/26, 2012 by



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

Recommended on 11/27, 2012
to the Board for approval by



Gary D. Russi
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 new Steve Sharf Clubhouse which opened on June 26, 2012. 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 increased the community interest in golf at Oakland with a continued increase in registered golfers in 2012 and new OU golf team facilities located on the property through a gift from an anonymous donor to the golf department who wished to assist the growth and development of the Oakland University athletic departments golf team program.

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 approximately 34,000 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, 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. Plans have been developed for a climate controlled facility to replace annual rental of tents. This facility will have capability of hosting golf events for up to 250 participants.

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>2010</u>	<u>2011</u>	<u>2012</u> ⁽¹⁾
Rounds of golf	32,610	30,751	34,000
Golf Registrations – full status	548	564	627
G&LC Fund balance	\$144,718	\$336,528	\$499,137

(1) Projected Year End includes \$9,611 restricted Fund Balance.

Golf and Learning Center

FY2012 Explanation of Major Changes

The early Spring and hot, dry Summer resulted in a 10% increase in golf rounds over 2012 projections. This increase in revenue allowed us to complete additional capital projects. Major Capital expenditures in FY2012 include \$100,000 towards renovation of the old clubhouse locker rooms for use by the OU golf teams (funding from a donor), \$45,000 for the R&S Sharf Garden #13, \$45,000 for miscellaneous projects, and \$39,000 for paving repairs. Increased compensation, supplies and services, and repairs and maintenance also increased as a result of the longer golf season.

FY2013 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 2013 budget is derived assuming the same basic rate structure as 2012. Golf registration options include Bronze (\$850 with access to Katke-Cousins (KC)), Silver (\$1,600 with access to KC and R & S Sharf), Gold (\$4,050 for unlimited personal golf fees on both courses) and a Platinum level (\$5,600 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 2013 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 32,000 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). Investment Income includes \$20,000 in earnings related to the Golf & Learning Center Endowment which was set up to help support the new Clubhouse operating costs.

A \$1,300,000 banquet facility is planned for completion in the spring of the 2014, pending Board of Trustee approval. Funding to support the construction of the banquet facility includes \$500,000 from Capital Projects Supplement in support of donor cultivation, community outreach, and University image and an \$800,000 internal loan to be paid back by the golf course in 2014-17 at a working capital interest rate.

The 2013 budget produces an anticipated increase to the G&LC fund balance of \$239,148 and a fund balance at December 31, 2013 of \$738,285.

OAKLAND UNIVERSITY GOLF & LEARNING CENTER REGISTRATION AND GOLF FEES 2013

Golf Registration Options:

BRONZE	\$ 850
SILVER	\$ 1,600
GOLD (all-inclusive personal golf fees)	\$ 4,050
PLATINUM (all-inclusive personal golf fees, personal golf car fees and practice range fees)	\$ 5,600

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
FY2013

	FY2012 BUDGET	FY2012 ESTIMATED ACTUAL	FY2013 PROPOSED BUDGET
REVENUE:			
Operating Revenue	\$ 2,696,981	\$ 3,128,739	\$ 2,933,330
Retail Sales	291,000	311,605	311,000
Student Tuition Allocation	-	-	-
Gifts and Grants	53,000	102,260	53,500
Investment Income	400	371	20,500
General Fund Support	-	-	-
Total Revenue	<u>\$ 3,041,381</u>	<u>\$ 3,542,975</u>	<u>\$ 3,318,330</u>
EXPENDITURES:			
Compensation	\$ 1,328,055	\$ 1,351,474	\$ 1,348,403
Supplies and Services	592,225	697,772	694,420
Repairs and Maintenance	294,400	333,320	316,900
Cost of Retail Sales	219,000	237,907	250,000
Equipment	283,500	272,849	211,734
Insurance	59,100	59,100	64,100
Utilities	92,225	95,497	97,225
Debt Service	7,400	7,400	7,400
University Overhead	80,000	79,487	64,000
Other Transfers	9,870	9,870	-
Total Expenditures	<u>\$ 2,965,775</u>	<u>\$ 3,144,676</u>	<u>\$ 3,054,182</u>
Net Revenue	<u>\$ 75,606</u>	<u>\$ 398,299</u>	<u>\$ 264,148</u>
Ending Balances prior to Major Cap.Expenditures:			
Restricted Fund Balance *	\$ 109,611	\$ 9,611	\$ 9,611
Unrestricted Fund Balance	302,523	725,216	753,674
Less: Major Capital Expenditures	65,000	235,690	25,000
Total Fund Balance	<u>\$ 347,134</u>	<u>\$ 499,137</u>	<u>\$ 738,285</u>
Learning Center Annuity Restricted Fund Balance *		<u>\$ 9,611</u>	<u>\$ 9,611</u>

**Oakland University
Golf & Learning Center
Proposed Major Capital Expenditures
FY2013**

Item Description	Estimated Cost
Golf Cart Path Repair/Replace	\$ 25,000
FY2013 Budget Total	<u>\$ 25,000</u>
Banquet Facility*	\$ 1,300,000
FY2013 Non-budget Impact Total	<u>\$ 1,300,000</u>

* Banquet Facility to be considered by the Board of Trustees under a separate agenda item, funded from Capital Projects Supplement (\$500,000) and an internal loan (\$800,000) to be paid back by the golf course in 2014-17 at a working capital rate of interest. Budgets in 2014-17 will reflect the appropriate debt service.