

**Golf and Learning Center Operating Budget
for Calendar Year Ending December 31, 2017
Oakland University
Board of Trustees Formal Session
December 5, 2016**

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
CALENDAR YEAR ENDING DECEMBER 31, 2017**

A Recommendation

1. **Division and Department:** Operations and Finance, 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 2017 G&LC Budget Assumptions (Attachment B); the Registration and Golf Fees 2017 (Attachment C); the Oakland University (University) G&LC Proposed Budget – All Funds, 2017 (Attachment D) and the G&LC Proposed Major Capital Expenditures 2017 (Attachment E).
3. **Previous Board Action:** On December 2, 2015, the Board approved the 2016 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 \$36,754.
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 and staffing changes as required for the G&LC.
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, Chief Operating Officer, 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, 2017, with budgeted operating expenditures of \$3,579,713 and capital improvement expenditures of \$468,500; and, now, be it further

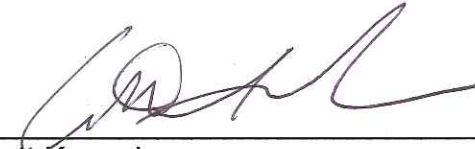
RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees.

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9. Attachments:

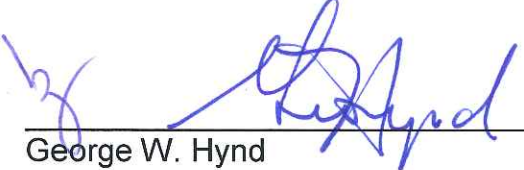
- A. G&LC Description of Program
- B. G&LC 2017 Budget Assumptions
- C. G&LC Registration & Golf Fees 2017
- D. G&LC Proposed Budget – All Funds, 2017
- E. G&LC Proposed Major Capital Expenditures, 2017

Submitted to the President
on DEC. 1, 2016 by



Scott Kunselman
Chief Operating Officer

Recommended on 12/2, 2016
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 which has the capability of hosting events for up to 250 guests. 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 36,000 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>2014</u>	<u>2015</u>	<u>2016</u>
Rounds of golf	33,703	36,329	35,285
Golf Registrations – full status	663	646	658
G&LC Fund balance	\$736,806	\$932,032	\$637,211

Golf and Learning Center

2016 Explanation of Major Changes

Major capital expenditures in 2016 include \$199,904 for additional improvements to the Steve Sharf Clubhouse that include HVAC upgrades to the lower level, main restaurant level, upper level and locker room level, and control systems and electrical power upgrades to support those components. Major capital expenditures in 2016 also include \$117,195 of repairs to the chemical/fertilizer storage building, driving range building, Katke-Cousins starter building and Cart Barn paint, Sharf Golf Course restroom and maintenance building restroom paint, irrigation pump house roof and vent, Sharf maintenance building concrete and drainage, Sharf Overlook concession building paint, and Sharf Clubhouse main level restroom sink installed.

Equipment expenditures in 2016 include the payoff of the 2012 Golf Car fleet in the amount of \$166,028 and the purchase of the new fleet of golf cars, net of trade-in, in the amount of \$320,000. This eliminates the need for financing and provides the Golf Course with the annual cash flow from golf car rental.

Golf and Learning Center

2017 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 2017 budget is derived with proposed increases to the annual registration fees and golf car fees. Golf registration options include phasing out the Bronze program. Current 2016 Bronze affiliates will have the option to renew with a \$100 increase (\$1,100 with access to Katke-Cousins (KC)). New Affiliates will not be offered the Bronze level. The Silver program is proposed to increase \$100, (\$1,850 with access to KC and R & S Sharf), Gold program is proposed to increase \$300, (\$4,500 for unlimited personal golf fees on both courses) and a Platinum level increase of \$500 (\$6,250 for unlimited personal golf fees on both courses, and includes personal golf car fees and personal use of the practice range). The Golf Car rental fee is proposed to increase \$5.00. The fleet is new and the fee has not increased since 2010. The green fees will remain the same. The G&LC continues to be financially stable and is positioned nicely within the surrounding region's golf market.

Projections for 2017 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).

The budgeted compensation line item reflects a full staffing level in 2017 and the hiring of an Assistant Grounds Superintendent.

Major capital expenditures include \$400,000 for potential improvements to the Katke-Cousins Golf Course for golf hole(s) restoration, and cart path restoration to new creek crossing locations, in coordination with the Galloway Creek Project, and \$68,500 for other deferred maintenance projects to the Sharf Golf Course which could include fencing, sod nursery, and cart path repairs.

The 2017 budget produces an anticipated increase to the G&LC fund balance of \$36,754 and a fund balance at December 31, 2017 of \$673,965.

**OAKLAND UNIVERSITY
GOLF & LEARNING CENTER
REGISTRATION AND GOLF FEES 2017**

Golf Registration Options:

Bronze (only available to 2016 Bronze affiliates)	\$ 1,100
SILVER	\$ 1,850
GOLD (all-inclusive personal golf fees)	\$ 4,500
PLATINUM (all-inclusive personal golf fees, personal golf car fees and practice range fees)	\$ 6,250

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)	\$20.00	\$30.00	\$20.00	\$30.00

R & S SHARF GOLF COURSE	<u>WEEKDAY</u>		<u>WEEKEND/HOLIDAY</u>	
SILVER and Student/Faculty/Staff and Family (includes golf car)		\$75.00		\$80.00
Guests of PLATINUM/GOLD/SILVER /Student/Faculty/Staff (includes golf car)		\$95.00		\$100.00
Guests - non affiliate (includes golf car)		\$125.00		\$130.00
Golf Car for GOLD affiliates		\$30.00		\$30.00

Oakland University
Ancillary Activities Operating Budget
Golf & Learning Center
Proposed Budget - All Funds
Calendar 2017

	2016 BUDGET	2016 ESTIMATED ACTUAL	2017 PROPOSED BUDGET
REVENUE:			
Operating Revenue	\$ 3,300,950	\$ 3,673,107	\$ 3,698,467
Retail Sales	338,400	441,601	340,500
Student Tuition Allocation	-	-	-
Gifts and Grants	14,500	11,625	13,500
Investment Income	27,500	31,147	32,500
General Fund Support	-	-	-
Total Revenue	\$ 3,681,350	\$ 4,157,480	\$ 4,084,967
EXPENDITURES:			
Compensation	\$ 1,471,641	\$ 1,501,617	\$ 1,615,610
Supplies and Services	844,660	884,820	831,350
Repairs and Maintenance	369,800	395,974	415,650
Cost of Retail Sales	240,000	362,623	315,000
Equipment	325,394	831,222	187,680
Insurance	12,800	11,650	17,145
Utilities	126,700	105,114	111,000
Debt Service	7,400	7,400	7,400
University Overhead	59,486	59,486	78,878
Other Transfers	-	(24,704)	-
Total Expenditures	\$ 3,457,881	\$ 4,135,202	\$ 3,579,713
Net Revenue	\$ 223,469	\$ 22,278	\$ 505,254
Ending Balances prior to Major Cap.Expenditures:			
Restricted Fund Balance *	\$ 11,349	\$ 11,349	\$ 11,349
Unrestricted Fund Balance	1,144,152	942,961	1,131,116
Less: Major Capital Expenditures	155,800	317,099	468,500
Total Fund Balance	\$ 999,701	\$ 637,211	\$ 673,965
London Annuity		\$ 11,349	
Restricted Fund Balance *		<u>\$ 11,349</u>	

**Oakland University
Golf & Learning Center
Proposed Major Capital Expenditures
Calendar 2017**

<u>Item Description</u>	<u>Estimated Cost</u>
Golf Course Maintenance Grounds - various	\$ 68,500
Galloway Creek Project	400,000
2017 Budget Total	\$ 468,500