

Agendum
Oakland University
Board of Trustees Formal Session
December 7, 2020

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
CALENDAR YEAR ENDING DECEMBER 31, 2021**

A Recommendation

1. **Division and Department:** Intercollegiate Athletics, 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 and 2021 Budget Assumptions (Attachment A); the Registration and Golf Fees 2021 (Attachment B); the Oakland University (University) G&LC Proposed Budget – All Funds, 2021 (Attachment C) and the G&LC Proposed Major Capital Expenditures 2021 (Attachment D).
3. **Previous Board Action:** On December 9, 2019, the Board approved the 2020 budget for the G&LC.
4. **Budget Implications:** The G&LC is an auxiliary operation and is self-supporting. Under the 2021 proposed budget, there is a positive operating revenue; however, a projected decrease to the G&LC fund balance of \$679,379 due to major capital expenditures (See Attachment D).
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 by 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 Athletic Director, Budget and Financial Planning Office, Financial Performance Review Committee, Vice President for Finance and Administration, and the President.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approves the Oakland University Golf and Learning Center budget for the calendar year ending December 31, 2021, with budgeted operating expenditures of \$3,970,853 and capital improvement expenditures of \$892,300; and, 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, 2021
Oakland University
Board of Trustees Formal Session
December 7, 2020
Page 2

9. Attachments:

- A. G&LC Description of Program, Budget Notes and Assumptions
- B. G&LC Registration & Golf Fees 2021
- C. G&LC Proposed Budget – All Funds, 2021
- D. G&LC Proposed Major Capital Expenditures, 2021

Submitted to the President
on _____, 2020 by

Steven C. Waterfield
Athletic Director

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

Recommended on _____, 2020
To the Board of Trustees for Approval by

Ora Hirsch Pescovitz, M.D.
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 The Pat Moran short game area and Berton London 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. and 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 40,000 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 The Steve Sharf 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>2018</u>	<u>2019</u>	<u>2020</u>
Rounds of Golf	31,201	35,083	40,257*
Golf-Registrations – full status	600	656	675
G&LC Fund Balance	\$1,954,541	\$2,110,625	\$2,007,896*

*Estimate

Golf and Learning Center

2020 Explanation of Major Changes

Golf provided a safe outlet for families to enjoy outdoor activities together and caused an increase in registrations and additional operating revenue.

Event revenue declined as a result of COVID. However, the loss was offset by the revenue associated with the increase in rounds.

A decrease in Compensation was primarily due to vacancies and seasonal positions.

Supplies and Services were down. Unforeseen circumstances made it necessary to cease all travel, as well as limit the number of allowable events. As a result, there was a decline in expected catering charges of \$260,000. This, in turn, affected the event revenue; however, golf rounds more than compensated for it.

Repairs and Maintenance were higher than CY2020 budget. These expenditures were necessary for G&LC to sustain customer value and quality for Oakland University and the golf course brand. Such expenditures included maintenance of #17 Garden in Katke; updates to our irrigation computer subscription; and an unplanned increase in chemical pricing.

Equipment expenses increased as COVID made it necessary to lease extra golf cars to fulfill the university's requirement for single ride golf car use. Additionally, there was a need to purchase four new golf cars to continue cultivation efforts.

Major Capital expenditures include:

Golf cars	\$ 343,634
New mowers	252,582
Grounds equipment	145,028
Katke-Cousins building/area maintenance	57,613
Driving range upgrades	<u>31,673</u>
Total CY2020 Capital Exp.	\$ 830,530

Golf and Learning Center

2021 Budget Assumptions

Budgeted revenues are projected based on the continued success of the current G&LC business plan and updated and approved by the Oakland University Board of Trustees (Board) annually. After a late start due to the pandemic, golf industry trends have been experiencing a record-setting year. The game of golf provides a safe, outdoor recreation and has brought families out to enjoy an activity together. Plans continue to be successful to attract new golfers, with a focus on the younger generation. With the purchase of a new golf car fleet, 2021 golf car rental fees increase, as well as an increase in registration fees for the Platinum level (\$7,250 for unlimited personal golf fees on both courses) Platinum affiliation includes personal golf car fees and personal use of the practice range. All other registration fees and golf green fees remain unchanged. Plans are to maintain the current G&LC marketing strategy for retail sales, so as to provide a service to affiliates. The G&LC continues to be financially stable and is positioned nicely within the surrounding region's golf market.

Projections for 2021 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 35,000 golf rounds at fees shown in Attachment B. This assumes a conservative approach toward weather conditions (which impact revenue) and registrations (within the current golf industry marketplace).

The 2021 budget results in an anticipated fund balance at December 31, 2021 of \$1,328,517.

Golf and Learning Center

REGISTRATION AND GOLF FEES 2021

Golf Registration Options:

BRONZE	\$1,500
STERLING	\$1,400
SILVER	\$2,000
GOLD (all-inclusive personal golf fees)	\$4,700
PLATINUM (all-inclusive personal golf fees, personal golf car fees and practice range fees)	\$7,250

	<u>WEEKDAY</u>		<u>WEEKEND/HOLIDAY</u>	
	9 Holes	18 Holes	9 Holes	18 Holes
KATKE-COUSINS GOLF COURSE				
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/STERLING	\$30.00	\$37.00	\$35.00	\$42.00
Guests	\$65.00	\$65.00	\$70.00	\$70.00
Golf Car (per golfer)	\$22.00	\$35.00	\$22.00	\$35.00

	<u>WEEKDAY</u>		<u>WEEKEND/HOLIDAY</u>	
	9 Holes	18 Holes	9 Holes	18 Holes
R & S SHARF GOLF COURSE				
SILVER/STERLING and Student/Faculty/Staff and Family (includes golf car)		\$80.00		\$85.00
Guests of PLATINUM/GOLD/SILVER/Student/ (includes golf car)		\$100.00		\$105.00
Guests – nonaffiliate (includes golf car)		\$130.00		\$135.00
Golf Car for GOLD affiliates		\$35.00		\$35.00

Oakland University
Ancillary Activities Operating Budget
Golf and Learning Center
Proposed Budget - All Funds
Calendar 2021

	CY2019 ACTUAL	CY2020 BUDGET	CY2020 ESTIMATED ACTUAL	CY2021 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ 3,858,761	\$ 3,694,084	\$ 3,845,492	\$ 3,703,190
Retail Sales	455,789	449,800	418,168	410,300
OU Purchased Services	35,004	44,088	44,088	20,284
Gifts and Grants	19,170	10,000	3,030	5,000
Investment Income	84,012	45,000	58,221	45,000
Total Revenue	<u>\$ 4,452,737</u>	<u>\$ 4,242,972</u>	<u>\$ 4,368,999</u>	<u>\$ 4,183,774</u>
Expenditures:				
Compensation	\$ 1,579,239	\$ 1,723,527	\$ 1,618,646	\$ 1,813,105
Supplies and Services	849,773	973,900	649,493	765,820
Repairs and Maintenance	659,921	457,250	515,521	563,982
Cost of Retail Sales	399,760	409,000	339,326	385,000
Equipment	180,131	36,913	113,897	37,000
Insurance	17,632	18,000	18,600	26,500
Utilities	105,871	118,100	113,698	121,500
Debt Service	-	-	-	-
Overhead charged by OU	157,268	236,400	236,400	205,446
Other Transfers	(152,942)	52,500	35,617	52,500
Total Expenditures	<u>\$ 3,796,653</u>	<u>\$ 4,025,590</u>	<u>\$ 3,641,198</u>	<u>\$ 3,970,853</u>
Net Income	<u>\$ 656,084</u>	<u>\$ 217,382</u>	<u>\$ 727,801</u>	<u>\$ 212,921</u>
University Support:				
Total University Support	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Income with University Support	<u>\$ 656,084</u>	<u>\$ 217,382</u>	<u>\$ 727,801</u>	<u>\$ 212,921</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ 10,914	\$ 10,563	\$ 10,563	\$ 10,563
Unrestricted Fund Balance	2,599,711	2,317,444	2,827,863	2,210,254
Less: Major Capital Expenditures	500,000	1,082,590	830,530	892,300
Total Ending Fund Balance	<u>\$ 2,110,625</u>	<u>\$ 1,245,418</u>	<u>\$ 2,007,896</u>	<u>\$ 1,328,517</u>
London Annuity			<u>\$ 10,563</u>	
Restricted Fund Balance *			<u>\$ 10,563</u>	

Golf and Learning CenterProposed Major Capital Expenditures
Calendar 2021

<u>Item Description</u>	<u>Estimated Cost</u>
Equipment:	
Grounds Equipment-Mowers	\$ 129,000
Grounds Equipment-Misc (Greens Rollers/Aerifier; Sod Cutter; Mid Duty Maint Cart; Equip Lifts)	84,100
Irrigation Pump Project (Carryover from 2020)	150,000
Buildings/Grounds:	
Sharf Patio	250,000
Katke-Cousins Grounds (Turf Nursery; Bubblers for Ponds; Fuel Tank Replacement)	133,000
Katke-Cousins Buildings (Rain Shelters-2020 Carryover; Covered Equipment Storage)	86,200
Driving Range Upgrades (Re-landscape; Bocce Ball Court)	60,000
CY2021 Total	<u>\$ 892,300</u>