

**Agendum
Oakland University
Board of Trustees Formal Session
December 5, 2022**

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
CALENDAR YEAR ENDING DECEMBER 31, 2023
A Recommendation**

- 1. Division and Department:** Intercollegiate Athletics, Golf and Learning Center.
- 2. Introduction:** The operating budget for the Golf and 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 2023 G&LC Budget Assumptions (Attachment B), the Registration and Golf Fees 2023 (Attachment C), the Oakland University (University) G&LC Proposed Budget – All Funds, 2023 (Attachment D) and the G&LC Proposed Major Capital Expenditures 2023 (Attachment E).
- 3. Previous Board Action:** On December 13, 2021, the Board approved the CY2022 budget for the G&LC.
- 4. Budget Implications:** The G&LC is an auxiliary operation and is self-supporting. Under the 2023 proposed budget, there is a positive operating revenue, however, a projected reduction to the existing \$4,278,237 G&LC fund balance of \$779,937 due to proposed major capital expenditures (See Attachment E).
- 5. Educational Implications:** The G&LC is used by the Men's and Women's Intercollegiate Golf Teams. OUCares utilizes the G&LC Golf Range facilities for their programs.
- 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 Financial Performance Review Committee, Budget and Financial Planning Office, Interim Vice President for Finance and Administration, Athletic Director, 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, 2023, with budgeted operating expenditures of \$4,754,538 and proposed capital improvement expenditures of \$1,774,600, and, be it further,

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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.

9. Attachments:

- A. G&LC Description of Program
- B. G&LC 2022 Budget Assumptions
- C. G&LC Registration & Golf Fees 2023
- D. G&LC Proposed Budget – All Funds, 2023
- E. G&LC Proposed Major Capital Expenditures, 2023

Submitted to the President
on 12-1, 2022 by



Steven C. Waterfield
Athletic Director



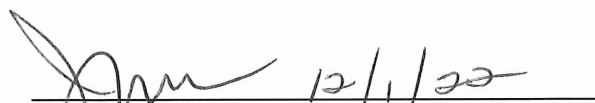
James L. Hargett, CPA
Interim Vice President for Finance and Administration
And Treasurer to the Board of Trustees

Recommended on 12/1, 2022
To the Board of Trustees for Approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

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. In 2021, an outdoor patio expansion to the Steve Sharf Clubhouse increased the seating capacity by 125. A new banquet facility was opened in 2014. The Rick Smith Golf Academy was added to provide top quality golf instruction in 2013. The facility continues to attract student, faculty and staff golfers, along with a broad spectrum of community minded individuals who support Oakland. The clubhouse and banquet buildings have increased the community interest in Oakland with a continued increase in special events and meeting requests. Additionally, OU golf team facilities were added to the property and funded by Mr. and Mrs. Tooman. In 2022, the Katke-Cousins number 10 hole renovation was completed, which will enhance play for the 2023 season.

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 47,000 annual rounds of golf, 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.

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. The G&LC goal is to also sustain a high-quality image while representing Oakland University as an outstanding educational institution.

Key Performance Indicators

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Rounds of Golf	42,314	48,606	47,635*
Golf-Registrations – full status	675	844	924
G&LC Fund Balance	\$2,211,722	\$3,103,377	\$4,278,237*

*Estimate

Golf and Learning Center

2022 Explanation of Major Changes

Golf provided a safe outlet for families to enjoy outdoor activities together, contributing to an increase in registrations, outings and events. In addition, area private clubs underwent renovations which generated additional registrations and rounds to the G&LC. Both of these factors resulted in operating revenues in excess of budget.

An increase in Gifts and Grants was the result of an anonymous pledge donation of \$100,000 to the Golf Course.

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

Supplies and Services expenses exceeded budget due to inflationary price increases, as well as an increase in contract feeding/catering expenses of \$66,000, resulting from the rise in the number of outings and events.

Repairs and Maintenance surpassed the budget as a result of the unplanned replacement of the Steve Sharf clubhouse balcony railing, which was required to bring it up to code. Additionally, numerous floods in the Clubhouse necessitated the replacement of the flooring which was not included in the budget. Worldwide supply chain issues also influenced pricing.

Equipment expense was greater than budget as a result of supply chain repercussions, making it necessary to delay planned 2021 equipment purchases to 2022. Inflation in pricing also made an impact.

Major Capital expenditures included:

#10 Katke-Cousins Hole Renovation/Turf Nursery	\$ 314,031
Grounds/ Course Equipment*	245,813
Sharf Clubhouse Patio Expansion Furniture	65,525
Sharf Clubhouse Landscape	<u>39,131</u>
Total CY2022 Capital Exp.*	<u>\$ 664,500</u>

*Estimate

Variance to the original budget of \$697,700 was due to expenditures postponed to future years, including turn grill equipment, paver repairs, and aggregate bins, netted with the addition of unplanned investment in kitchen and course equipment.

Golf and Learning Center

2023 Budget Assumptions

Budgeted revenues are projected based on the continued success of the current G&LC business plan that was presented in 2018 and updated and approved by the Oakland University Board of Trustees (Board) annually. Subsequent to the pandemic, golf industry trends have been experiencing a higher number of golfers, as well as participation and frequency rates. 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. Registration fees will increase for 2023, as well as guest rate fees. All other golf green fees will 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 2023 golf rounds and net revenue for the G&LC were made after review of historical data and with consideration of regional industry data. The revenue budget anticipates 40,000 golf rounds at fees shown in Attachment C. This assumes a conservative approach toward weather conditions (which impact revenue) and registrations (within the current golf industry marketplace), and projected inflationary expense trends in labor, supplies and services, and utilities. An increase in Compensation is the result of the necessity to increase headcount to support our growth in operations, as well as meet the recent government demand for the increase in our seasonal wages. The decrease in transfers is the result of the 2022 final payment of the Oakland University financed loan.

The 2023 budget produces an anticipated fund balance at December 31, 2023 of \$3,498,300.

Golf and Learning Center

REGISTRATION AND GOLF FEES 2022

Golf Registration Options:

BRONZE	\$1,875
STERLING	\$1,750
SILVER	\$2,500
GOLD (all-inclusive personal golf fees)	\$5,900
PLATINUM (all-inclusive personal golf fees, personal golf car fees and practice range fees)	\$9,100

	<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	\$75.00	\$75.00	\$80.00	\$80.00
Golf Car (per golfer)	\$22.00	\$35.00	\$22.00	\$35.00

	<u>WEEKDAY</u>	<u>WEEKEND/HOLIDAY</u>
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)	\$110.00	\$115.00
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 2023

	2021 ACTUAL	CY2022 BUDGET	CY2022 ESTIMATED ACTUAL	CY2023 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ 5,489,625	\$ 4,307,630	\$ 5,759,044	\$ 5,122,156
Retail Sales	597,321	469,800	614,996	591,900
OU Purchased Services	20,284	12,505	12,505	12,645
Gifts and Grants	7,155	5,000	110,200	7,500
Investment Income	31,234	20,000	38,392	15,000
Total Revenue	<u>\$ 6,145,619</u>	<u>\$ 4,814,935</u>	<u>\$ 6,535,137</u>	<u>\$ 5,749,201</u>
Expenditures:				
Compensation	\$ 1,801,252	\$ 1,981,741	\$ 1,860,920	\$ 2,150,535
Supplies and Services	856,398	924,363	1,041,998	1,057,262
Repairs and Maintenance	495,254	508,000	726,092	633,500
Cost of Retail Sales	490,421	412,000	512,446	517,750
Equipment	27,236	37,000	51,894	36,900
Insurance	9,980	26,857	26,857	12,964
Utilities	111,013	137,500	140,721	148,860
Debt Service	-	-	-	-
Overhead charged by OU	205,445	199,170	199,170	196,767
Other Transfers	50,012	52,500	135,679	-
Total Expenditures	<u>\$ 4,047,011</u>	<u>\$ 4,279,131</u>	<u>\$ 4,695,777</u>	<u>\$ 4,754,538</u>
Net Income	<u>\$ 2,098,609</u>	<u>\$ 535,804</u>	<u>\$ 1,839,360</u>	<u>\$ 994,663</u>
University Support:				
Project A	\$ -	\$ -	\$ -	\$ -
Total University Support	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Income with University Support	<u>\$ 2,098,609</u>	<u>\$ 535,804</u>	<u>\$ 1,839,360</u>	<u>\$ 994,663</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ 10,751	\$ 10,563	\$ 10,563	\$ 10,563
Unrestricted Fund Balance	3,902,566	3,628,618	4,932,174	5,262,337
Less: Major Capital Expenditures	809,940	697,700	664,500	1,774,600
Total Ending Fund Balance	<u>\$ 3,103,377</u>	<u>\$ 2,941,481</u>	<u>\$ 4,278,237</u>	<u>\$ 3,498,300</u>
London Annuity			<u>\$ 10,563</u>	
Restricted Fund Balance *			<u>\$ 10,563</u>	

Golf and Learning Center

Proposed Major Capital Expenditures Calendar 2023

Item Description	Estimated Cost
Equipment:	
Grounds Equipment-Mowers	\$ 167,100
Grounds Equipment-Misc	119,500
Grounds-Truck	45,000
Golf Course Equipment (Starter/Assistant Carts/Utility Cart)	50,000
Buildings/Grounds:	
Katke-Cousins Building (Roof/Storage Building)	170,000
Katke-Cousins Bridges-Replace & Repair	450,000
Katke-Cousins Grounds (Bubblers for Ponds-Carryover from 2021; Tee Signs)	53,000
R&S Sharf Cart Paths	250,000
R & S Sharf Grounds (Short Game Turf, Paver Repairs; etc.)	155,000
Golf Course (Fuel Tank Removal/Install; Aggregate Bins; etc.)	<u>315,000</u>
CY2023 Total	<u>\$1,774,600</u>