

**Agendum  
Oakland University  
Board of Trustees Formal Session  
December 9, 2013**

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR  
FISCAL YEAR ENDING DECEMBER 31, 2014**

**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 2014 G&LC Budget Assumptions (Attachment B); the Registration and Golf Fees 2014 (Attachment C); the Oakland University (University) G&LC Proposed Budget – All Funds, FY2014 (Attachment D) and the G&LC Proposed Major Capital Expenditures FY2014 (Attachment E).
3. **Previous Board Action:** On December 3, 2012, the Board approved the FY2013 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 \$49,967.
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 Interim President.
8. **Recommendation:**  
RESOLVED, that the Board of Trustees approves the Oakland University Golf & Learning Center Budget for the fiscal year ending December 31, 2014, with budgeted operating expenditures of \$3,247,833 and capital improvement expenditures of \$286,500; 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.

Golf and Learning Center Operating Budget for  
Fiscal Year Ending December 31, 2014  
Oakland University  
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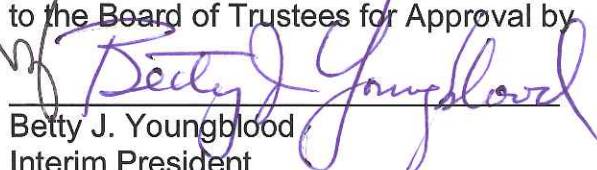
9. Attachments:

- A. G&LC Description of Program
- B. G&LC 2014 Budget Assumptions
- C. G&LC Registration & Golf Fees 2014
- D. G&LC Proposed Budget – All Funds, FY2014
- E. G&LC Proposed Major Capital Expenditures, FY2014

Submitted to the President  
on 12/2, 2013 by

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

Recommended on 12/5, 2013  
to the Board of Trustees for Approval by

  
\_\_\_\_\_  
Betty J. Youngblood  
Interim 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. Currently Cranks Catering is the foodservice operator under agreement for 5 years (through Nov. 2017). 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 increased the community interest in golf at Oakland with a continued increase in registered golfers. 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 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, 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. Construction has begun 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 and is expected to be complete in April 2014.

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>2011</u>	<u>2012</u>	<u>2013</u> <sup>(1)</sup>
Rounds of golf	30,751	34,915	35,000
Golf Registrations – full status	564	629	690
G&LC Fund balance	\$336,528	\$675,364	\$407,448

(1) Projected Year End includes \$9,535 restricted Fund Balance.

## Golf and Learning Center

### **Explanation of Major Changes**

The opening of the Steve Sharf Clubhouse and restaurant in the summer of 2012 continues to generate interest in the property. Annual Golf Affiliate registrations and associated golf rounds continue to increase. This increase in revenue allowed us to complete additional capital projects. Major Capital expenditures in FY2013 include \$800,000 for the construction of the Golf Course events building, \$55,000 for additional improvements to the Sharf Clubhouse, and \$65,000 for miscellaneous projects.

Gift revenue and Other Transfers reflect the Sharf life insurance proceeds and corresponding debt service requirement.

**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 2014 budget is derived assuming the same basic rate structure as 2013. 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 2014 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 golf course banquet facility approved by the Board of Trustees is planned to be completed in the spring of the 2014. Supplies and services, repairs and maintenance and utilities budget line items were increased to reflect the new facility and anticipated costs associated with operations.

The 2014 insurance budget has been decreased to reflect that the OU G&LC no longer has the Sharf life insurance premium expense.

The budgeted compensation line item has been increased to reflect a full staffing level in 2014, a 3% compensation increase for full time staff, hire a Golf Services Manager and provide additional seasonal labor as required.

The 2014 budget produces an anticipated increase to the G&LC fund balance of \$49,967 and a fund balance at December 31, 2014 of \$457,415.

## OAKLAND UNIVERSITY GOLF & LEARNING CENTER REGISTRATION AND GOLF FEES 2014

Golf Registration Options:

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

<b>KATKE-COUSINS GOLF COURSE</b>	<u>WEEKDAY</u>		<u>WEEKEND/HOLIDAY</u>	
	<b>9 Holes</b>	<b>18 Holes</b>	<b>9 Holes</b>	<b>18 Holes</b>
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
<b>BRONZE/SILVER</b>	\$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

<b>R &amp; S SHARF GOLF COURSE</b>	<u>WEEKDAY</u>	<u>WEEKEND/HOLIDAY</u>
<b>SILVER</b> and Student/Faculty/Staff and Family (includes golf car)	\$67.00	\$72.00
Guests of <b>PLATINUM/GOLD/SILVER</b> /Student/Faculty/Staff (includes golf car)	\$90.00	\$95.00
Guests - non affiliate (includes golf car)	\$125.00	\$130.00
Golf Car for <b>GOLD</b> members	\$25.00	\$25.00

**Oakland University**  
**Ancillary Activities Operating Budget**  
**Golf & Learning Center**  
**Proposed Budget - All Funds**  
**FY2014**

	FY2013 BUDGET	FY2013 ESTIMATED ACTUAL	FY2014 PROPOSED BUDGET
<b>REVENUE:</b>			
Operating Revenue	\$ 2,933,330	\$ 3,272,649	\$ 3,219,400
Retail Sales	311,000	331,193	327,900
Student Tuition Allocation	-	-	-
Gifts and Grants	53,500	1,665,698	16,500
Investment Income	20,500	12,701	20,500
General Fund Support	-	-	-
Total Revenue	<u>\$ 3,318,330</u>	<u>\$ 5,282,241</u>	<u>\$ 3,584,300</u>
<b>EXPENDITURES:</b>			
Compensation	\$ 1,348,403	\$ 1,284,739	\$ 1,429,469
Supplies and Services	694,420	760,266	778,770
Repairs and Maintenance	316,900	312,650	352,400
Cost of Retail Sales	250,000	225,779	225,000
Equipment	211,734	225,887	254,394
Insurance	64,100	60,000	26,100
Utilities	97,225	89,817	127,100
Debt Service	7,400	7,400	7,400
University Overhead	64,000	63,907	47,200
Other Transfers	-	1,600,000	-
Total Expenditures	<u>\$ 3,054,182</u>	<u>\$ 4,630,445</u>	<u>\$ 3,247,833</u>
Net Revenue	<u>\$ 264,148</u>	<u>\$ 651,796</u>	<u>\$ 336,467</u>
<b>Ending Balances prior to Major Cap.Expenditures:</b>			
Restricted Fund Balance *	\$ 9,535	\$ 9,535	\$ 9,535
Unrestricted Fund Balance	690,829	1,317,625	734,380
Less: Major Capital Expenditures	25,000	919,712	286,500
Total Fund Balance	<u>\$ 675,364</u>	<u>\$ 407,448</u>	<u>\$ 457,415</u>
London Annuity		<u>\$ 9,535</u>	
Restricted Fund Balance *		<u>\$ 9,535</u>	

**Oakland University**  
***Golf & Learning Center***  
**Proposed Major Capital Expenditures**  
**FY2014**

<b>Item Description</b>	<b>Estimated Cost</b>
Golf Cart Path Repair/Replace	\$ 25,000
Deferred Maintenance TBD	261,500
<b>FY2014 Budget Total</b>	<b>\$ 286,500</b>