

Agendum
Oakland University
Board of Trustees Formal Session
December 11, 2017

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
CALENDAR YEAR ENDING DECEMBER 31, 2018**

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 2018 G&LC Budget Assumptions (Attachment B); the Registration and Golf Fees 2018 (Attachment C); the Oakland University (University) G&LC Proposed Budget – All Funds, 2018 (Attachment D) and the G&LC Proposed Major Capital Expenditures 2018 (Attachment E).
3. **Previous Board Action:** On December 5, 2016, the Board approved the 2017 budget for the G&LC.
4. **Budget Implications:** The G&LC is an auxiliary operation and is self-supporting. Under the 2018 proposed budget, there is a projected decrease to the G&LC fund balance of \$243,760 due to \$400,000 budgeted for the Galloway Creek project.
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 calendar year ending December 31, 2018, with budgeted operating expenditures of \$3,722,964 and capital improvement expenditures of \$608,000; 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, 2018
Oakland University
Board of Trustees Formal Session
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9. Attachments:

- A. G&LC Description of Program
- B. G&LC 2018 Budget Assumptions
- C. G&LC Registration & Golf Fees 2018
- D. G&LC Proposed Budget – All Funds, 2018
- E. G&LC Proposed Major Capital Expenditures, 2018

Submitted to the President
on 12/4, 2017 by



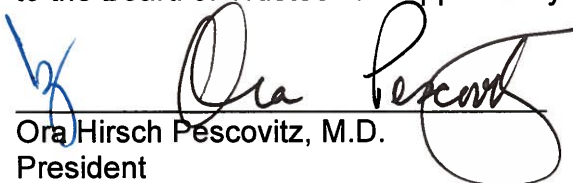
John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees



Scott Kunselman
Chief Operating Officer

SK
12/4

Recommended on 12/6, 2017
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 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 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, 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>2015</u>	<u>2016</u>	<u>2017</u>
Rounds of golf	36,329	35,285	34,075
Golf Registrations – full status	646	658	653
G&LC Fund balance	\$932,032	\$637,211	\$1,372,034

Golf and Learning Center

2017 Explanation of Major Changes

Increase in retail sales is due to a large one time sale during a special event.

Salary savings were accumulated due to position vacancies.

Expense savings in Supplies and Services, Repairs and Maintenance, and Equipment are the result of reduced spending during the Fall season, in anticipation of 2018 project costs.

Debt service on the golf cars lease was budgeted in 2017 but the lease was terminated and new golf cars were purchased.

Major Capital expenditures in the 2017's budget included \$400,000 for golf course improvements in coordination with the Galloway Creek Project. Due to the project status, G&LC incurred no expenses in 2017. The project cost has been deferred into 2018.

Golf and Learning Center

2018 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). Registration, golf and golf car fees for 2018 remain unchanged from 2017. Golf registration options include Bronze affiliates with an option to renew (\$1,100 with access to Katke-Cousins (KC)). The Silver program (\$1,850 with access to KC and R & S Sharf), Gold program (\$4,500 for unlimited personal golf fees on both courses) and a Platinum level (\$6,250 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 2018 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 33,000 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 2018, the hiring of an Events Coordinator and the increase in hours for the Budget Manager position.

Major Capital expenditures include:

Galloway Creek related improvements	\$400,000
Tree trimming	50,000
Clubhouse maintenance work	58,000
Two new rough mowers	<u>100,000</u>
Total Capital Expenditures	\$608,000

The 2018 budget produces an anticipated fund balance at December 31, 2018 of \$1,128,274.

**OAKLAND UNIVERSITY
GOLF & LEARNING CENTER
REGISTRATION AND GOLF FEES 2018**

Golf Registration Options:

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
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 and Learning Center
Proposed Budget - All Funds
Calendar 2018

	2017 BUDGET	2017 ESTIMATED ACTUAL	2018 PROPOSED BUDGET
Revenue:			
Operating Revenue	\$ 3,698,467	\$ 3,700,305	\$ 3,631,200
Retail Sales	340,500	393,695	340,000
OU Purchased Services	61,709	61,709	76,004
Gifts and Grants	13,500	10,400	10,000
Investment Income	32,500	32,500	30,000
Total Revenue	<u>\$ 4,146,676</u>	<u>\$ 4,198,609</u>	<u>\$ 4,087,204</u>
Expenditures:			
Compensation	\$ 1,615,610	\$ 1,590,780	\$ 1,713,402
Supplies and Services	831,350	802,163	865,258
Repairs and Maintenance	415,650	366,694	386,000
Cost of Retail Sales	315,000	372,920	315,000
Equipment	187,680	177,713	175,000
Insurance	17,145	17,000	17,000
Utilities	111,000	100,800	110,000
Debt Service	7,400	-	-
Overhead charged by OU	140,586	140,586	141,304
Other Transfers	-	2,140	-
Total Expenditures	<u>\$ 3,641,421</u>	<u>\$ 3,570,795</u>	<u>\$ 3,722,964</u>
Net Income	<u>\$ 505,255</u>	<u>\$ 627,814</u>	<u>\$ 364,240</u>
University Support:			
Project A	\$ -	\$ -	\$ -
Project B	-	-	-
Total University Support	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Income with University Support	<u>\$ 505,255</u>	<u>\$ 627,814</u>	<u>\$ 364,240</u>
Ending Balances prior to Major Cap. Expenditures:			
Restricted Fund Balance *	\$ 11,349	\$ 11,349	\$ 11,349
Unrestricted Fund Balance	1,306,626	1,429,185	1,724,925
Less: Major Capital Expenditures	468,500	68,500	608,000
Total Ending Fund Balance	<u>\$ 849,475</u>	<u>\$ 1,372,034</u>	<u>\$ 1,128,274</u>
London Annuity		<u>\$ 11,349</u>	
Restricted Fund Balance *		<u>\$ 11,349</u>	

**Oakland University
Golf & Learning Center
Proposed Major Capital Expenditures
Calendar 2018**

Item Description	Estimated Cost
Golf Course Maintenance Grounds - tree trimming	\$ 50,000
Clubhouse maintenance	58,000
Two new rough mowers	100,000
Galloway Creek Project	400,000
2018 Budget Total	\$ 608,000