

Agendum
Oakland University
Board of Trustees Formal Session
December 9, 2019

GOLF AND LEARNING CENTER OPERATING BUDGET
CALENDAR YEAR ENDING DECEMBER 31, 2020

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 2019 G&LC Explanation of Major Changes (Attachment B); the 2020 G&LC Budget Assumptions (Attachment C); the Proposed Registration and Golf Fees 2020 (Attachment D); the Oakland University (University) G&LC Proposed Budget – All Funds, 2020 (Attachment E) and the G&LC Proposed Major Capital Expenditures 2020 (Attachment F).
3. Previous Board Action: On December 10, 2018, the Board approved the 2019 budget for the G&LC.
4. Budget Implications: The G&LC is an auxiliary operation and is self-supporting. Under the 2020 proposed budget, there is a positive operating revenue; however, a projected decrease to the G&LC fund balance of \$865,208 due to major capital expenditures (See Attachment F).
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 Chief Operating Officer, the Financial Performance Review Committee, Budget and Financial Planning Office, 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, 2020, with budgeted operating expenditures of \$4,025,590 and capital improvement expenditures of \$1,082,590; 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

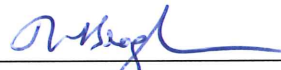
Attachments:

- A. G&LC Description of Program
- B. G&LC 2019 Explanation of Major Changes
- C. G&LC 2020 Budget Assumptions
- D. G&LC Registration & Golf Fees 2020
- E. G&LC Proposed Budget – All Funds, 2020
- F. G&LC Proposed Major Capital Expenditures, 2020

Submitted to the President on 12/2,
2019 by

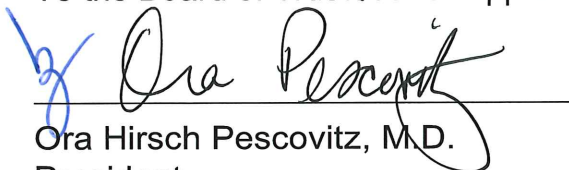


Scott G. Kunselman
Chief Operating Officer



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

Recommended on 12/5, 2019
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 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 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.

Golf and Learning CenterDescription of Program (continued)

Key Performance Indicators

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Rounds of Golf	33,212	31,201	34,819*
Golf-Registrations – full status	623	600	632
G&LC Fund Balance	\$1,704,320	\$1,954,541	\$1,987,529*

*Estimate

Golf and Learning Center

2019 Explanation of Major Changes

Positive economic conditions and a new affiliate category caused an increase in registrations and additional operating revenue.

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

Supplies and Services remained flat, while Repairs and Maintenance increase G&LC expenditure. It has been necessary for G&LC to increase expenditure in 2019 to sustain customer value and quality for Oakland University and the golf course brand. Such expenditures included \$225,000 for asphaltting cart paths; \$71,000 for course repair of a sink hole; installing a new TopTracer technology system at the range learning facility; and repairing clubhouse kitchen equipment.

A decline in Equipment was as a result of purchases that were deferred to future years.

Other Transfers is a result of a \$150,000 loan from the University for cart path maintenance.

Major Capital expenditures in the 2019 budget included \$474,171 for golf course improvement in coordination with the Galloway Creek Project. Due to the project status, the GLC incurred these expenses in 2019.

Golf and Learning Center

2020 Budget Assumptions

Budgeted revenues are projected based on the continued success of the current G&LC business plan that was presented in 2006 and updated and approved by the Oakland University Board of Trustees (Board) annually. Golf industry trends are experiencing a decline, and the G&LC's current affiliate's average age continues to rise. Plans were successful to attract new golfers, with a focus on the younger generation. Registration fees for 2020 increase with options to include Bronze affiliates, with an opportunity to renew (\$1,500 with access to Katke-Cousins (KC)). The Sterling program, for recent graduates, (\$1,400 with access to KC and R & S Sharf), Silver program (\$2,000 with access to KC and R & S Sharf), Gold program (\$4,700 for unlimited personal golf fees on both courses), and a Platinum level (\$6,750 for unlimited personal golf fees on both courses, and includes personal golf car fees and personal use of the practice range). Registration increases are due to the property improvements and the golf industry business cycle. Golf green fees and golf car rental 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 2020 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 Attachment D. This assumes a conservative approach toward weather conditions (which impact revenue) and registrations (within a "flat" golf industry marketplace).

Major Capital expenditures* include:

Equipment (Golf Cars and Mowers)	\$ 833,890
Facility Building Improvements	127,700
Irrigation and Large Enhancements	<u>121,000</u>
Total Capital Expenditures	\$1,082,590

*See Attachment F

The 2020 budget produces an anticipated fund balance at December 31, 2020 of \$1,122,321.

GOLF & LEARNING CENTER

REGISTRATION AND GOLF FEES 2020

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)	\$6,750

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/STERLING	\$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/STERLING and Student/Faculty/Staff and Family (includes golf car)	\$ 75.00	\$ 80.00
Guests of PLATINUM/GOLD/SILVER/Student (includes golf car)	\$ 95.00	\$100.00
Guests – nonaffiliate (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 2020

	2019 BUDGET	2019 ESTIMATED ACTUAL	2020 PROPOSED BUDGET
Revenue:			
Operating Revenue	\$ 3,621,194	\$ 3,813,644	\$ 3,694,084
Retail Sales	450,000	445,992	449,800
OU Purchased Services	35,004	35,004	44,088
Gifts and Grants	10,000	17,485	10,000
Investment Income	38,000	81,346	45,000
Total Revenue	\$ 4,154,198	\$ 4,393,471	\$ 4,242,972
Expenditures:			
Compensation	\$ 1,680,389	\$ 1,599,854	\$ 1,723,527
Supplies and Services	884,000	874,875	973,900
Repairs and Maintenance	380,260	706,202	457,250
Cost of Retail Sales	405,000	384,218	409,000
Equipment	228,700	188,974	36,913
Insurance	14,500	16,000	18,000
Utilities	115,200	110,694	118,100
Debt Service	-	-	-
Overhead charged by OU	157,268	157,268	236,400
Other Transfers	-	(151,773)	52,500
Total Expenditures	\$ 3,865,317	\$ 3,886,312	\$ 4,025,590
Net Income	\$ 288,881	\$ 507,159	\$ 217,382
University Support:			
Total University Support	\$ -	\$ -	\$ -
Net Income with University Support	\$ 288,881	\$ 507,159	\$ 217,382
Ending Balances prior to Major Cap. Expenditures:			
Restricted Fund Balance *	\$ 8,713	\$ 10,563	\$ 10,563
Unrestricted Fund Balance	2,234,709	2,451,137	2,194,347
Less: Major Capital Expenditures	677,000	474,171	1,082,590
Total Ending Fund Balance	\$ 1,566,422	\$ 1,987,529	\$ 1,122,321
London Annuity		\$ 10,563	
Restricted Fund Balance *		<u>\$ 10,563</u>	

Golf and Learning CenterProposed Major Capital Expenditures
CY 2020

<u>Item Description</u>	<u>Estimated Cost</u>
Equipment:	
(130) Golf Cars (estimated-with tax and trade in)	\$ 425,000
Grounds Equipment-Mowers	218,000
Grounds Equipment-Misc. (Skidsteer loader; Mower Attachments; Utility carts; Large area blowers)	190,890
Irrigation Pump Project	121,000
Buildings/Grounds:	
Katke-Cousins Maintenance Building/Area Maintenance	71,700
Driving Range Upgrades (Building repair, furniture)	56,000
CY 2020 Total	\$ <u>1,082,590</u>