

Agendum
Oakland University
Board of Trustees Formal Session
December 13, 2021

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
CALENDAR YEAR ENDING DECEMBER 31, 2022**

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 (Attachment A), which outlines the previously approved business plan; the 2022 G&LC Budget Assumptions (Attachment B); the Registration and Golf Fees 2022 (Attachment C); the Oakland University (University) G&LC Proposed Budget – All Funds, 2022 (Attachment D) and the G&LC Proposed Major Capital Expenditures 2022 (Attachment E).
3. **Previous Board Action:** On December 7, 2020, the Board approved the 2021 budget for the G&LC.
4. **Budget Implications:** The G&LC is an auxiliary operation and is self-supporting. Under the 2022 proposed budget, there is a positive operating revenue; however, a projected decrease to the G&LC fund balance of \$161,896 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, 2022, with budgeted operating expenditures of \$4,279,131 and proposed capital improvement expenditures of \$697,700; 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.

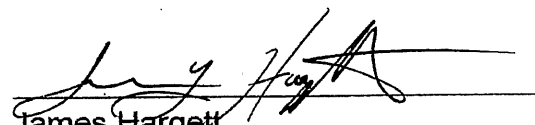
Golf and Learning Center Operating
Budget for Calendar Year Ending
December 31, 2022 Oakland University
Board of Trustees Formal Session
December 13, 2021
Page 2

9. Attachments:

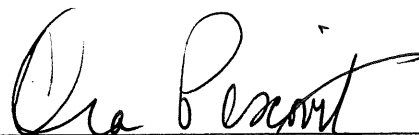
- A. G&LC Description of Program
- B. G&LC 2022 Budget Assumptions
- C. G&LC Registration & Golf Fees 2022
- D. G&LC Proposed Budget – All Funds, 2022
- E. G&LC Proposed Major Capital Expenditures, 2022

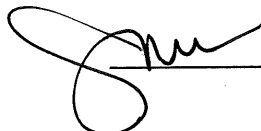
Submitted to the President
on 11/29, 2021 by


Steven C. Waterfield
Athletic Director


James Hargett
Interim Vice President for Finance and
Administration and Treasurer to the Board
of Trustees

Recommended on 12/21, 2021
To the Board of Trustees for Approval by


Ora Hirsch Pescovitz, M.D.
President

Reviewed by
 11/30/2021

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. In 2021, the Steve Sharf Clubhouse expanded with the addition of an outdoor patio with heating units, increasing seating capacity by 125. 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 45,000 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. 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>2019</u>	<u>2020</u>	<u>2021</u>
Rounds of Golf	35,083	42,314	46,977*
Golf-Registrations – full status	656	675	844
G&LC Fund Balance	\$2,110,625	\$2,211,722	\$2,988,615*

*Estimate

Golf and Learning Center

2021 Explanation of Major Changes

Golf provided a safe outlet for families to enjoy outdoor activities together and caused an increase in registrations, outings and additional operating revenue. Area private clubs underwent renovations which generated additional registrations and rounds to the G&LC due to the hybrid business model of annual year registration fees.

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

Supplies and Services were up. It has been necessary for G&LC to increase expenditures in 2021 to sustain customer satisfaction and quality for Oakland University and the golf course brand. Also, in conjunction with the increase in golf outings, there was an increase of contract feeding/catering expenses of \$189,000.

Repairs and Maintenance produced a decrease in G&LC expenditures. It was necessary to move a 2021 upgrade to the point of sale system to 2022. The scheduled extended completion of the Steven Sharf Building Patio Project required a delay for the expected garden and tee projects. Worldwide supply chain challenges have also made an impact.

Equipment expense decreased, as COVID impacted the supply chain, making it necessary to postpone some equipment purchases to the 2022 budget.

Major Capital expenditures included:

Steven Sharf Patio	\$ 965,000
Irrigation Pump Project	185,427
Grounds Equipment: Mowers/ Sod cutter	<u>75,389</u>
Total CY2021 Capital Exp.	\$1,225,816

Golf and Learning Center

2022 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. 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. 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 2022 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.

The 2022 budget produces an anticipated fund balance at December 31, 2022 of \$2,826,719.

Golf and Learning Center

REGISTRATION AND GOLF FEES 2022

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>
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 2022

	2020 ACTUAL	CY2021 BUDGET	CY2021 ESTIMATED ACTUAL	CY2022 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ 4,002,784	\$ 3,703,190	\$ 5,443,588	\$ 4,307,630
Retail Sales	450,799	410,300	594,715	469,800
OU Purchased Services	44,088	20,284	20,284	12,505
Gifts and Grants	6,120	5,000	5,525	5,000
Investment Income	63,436	45,000	25,124	20,000
Total Revenue	<u>\$ 4,567,227</u>	<u>\$ 4,183,774</u>	<u>\$ 6,089,236</u>	<u>\$ 4,814,935</u>
Expenditures:				
Compensation	\$ 1,648,827	\$ 1,813,105	\$ 1,808,089	\$ 1,981,741
Supplies and Services	625,222	765,820	928,792	924,363
Repairs and Maintenance	545,569	563,982	420,149	508,000
Cost of Retail Sales	380,188	385,000	500,490	412,000
Equipment	102,094	37,000	39,000	37,000
Insurance	16,159	26,500	18,187	26,857
Utilities	106,071	121,500	113,875	137,500
Debt Service	-	-	-	-
Overhead charged by OU	236,400	205,446	205,445	199,170
Other Transfers	(4,341)	52,500	52,500	52,500
Total Expenditures	<u>\$ 3,656,190</u>	<u>\$ 3,970,853</u>	<u>\$ 4,086,527</u>	<u>\$ 4,279,131</u>
Net Income	<u>\$ 911,037</u>	<u>\$ 212,921</u>	<u>\$ 2,002,709</u>	<u>\$ 535,804</u>
University Support:				
Project A	\$ -	\$ -	\$ -	\$ -
Total University Support	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Income with University Support	<u>\$ 911,037</u>	<u>\$ 212,921</u>	<u>\$ 2,002,709</u>	<u>\$ 535,804</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ 10,563	\$ 10,563	\$ 10,563	\$ 10,563
Unrestricted Fund Balance	3,011,099	2,210,254	4,203,868	3,513,856
Less: Major Capital Expenditures	809,940	892,300	1,225,816	697,700
Total Ending Fund Balance	<u>\$ 2,211,722</u>	<u>\$ 1,328,517</u>	<u>\$ 2,988,615</u>	<u>\$ 2,826,719</u>
London Annuity			<u>\$ 10,563</u>	
Restricted Fund Balance *			<u>\$ 10,563</u>	

Golf and Learning Center

Proposed Major Capital Expenditures Calendar 2022

Item Description	Estimated Cost
Equipment:	
Patio/Turn Grill Furniture/Equipment	\$ 135,000
Grounds Equipment-Misc (Bunker Rake; Pull Behind Attachments; Loader)	121,700
Buildings/Grounds:	
Katke-Cousins Grounds (Bubblers for Ponds-Carryover from 2021; Turf Nursery/Katke #10)	278,000
Golf Course/Range (Aggregate Bins; Driving Range Tees)	75,000
R & S Sharf Grounds (Paver Repairs; Seal #1)	48,000
Katke-Cousins Building (Roof)	40,000
CY2022 Total	<u>\$ 697,700</u>