

**Agendum
Oakland University
Board of Trustees Formal Session
December 9, 2010**

**GOLF AND LEARNING CENTER OPERATING BUDGET FOR
FISCAL YEAR ENDING DECEMBER 31, 2011**

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 are a description of the G&LC which outlines the previously approved business plan; the 2011 G&LC budget summary; the Registration and Golf Fees 2011; the Oakland University (University) G&LC Proposed Budget – All Funds, Fiscal Year (FY) 2011 and the G&LC Proposed Major Capital Expenditures FY 2011 (See Attachments).
3. **Previous Board Action:** On November 9, 2009, the Board approved the Fiscal Year 2010 budget for the G&LC.
4. **Budget Implications:** The G&LC is an auxiliary operation and is self-supporting. Under the proposed budget and fees, there is a projected increase to the G&LC fund balance of \$11,165.
5. **Educational Implications:** The G&LC is used by the Men's and Women's intercollegiate golf and cross country 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 Fee.
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 President. The Board's Finance, Audit and Investment Committee (Committee) reviewed the budget at its December 2, 2010 meeting. The Committee supported the proposed budget and asked that it be brought forward for Board action at the next Formal Session of the Board.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approves the Oakland University Golf & Learning Center Budget for the fiscal year ending December 31, 2011, with budgeted operating expenditures of \$2,646,236 and capital improvement expenditures of \$208,000; and, now, be it further

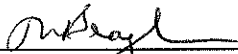
**Golf and Learning Center Operating Budget for
Fiscal Year Ending December 31, 2011
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RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his designee and those amounts shall be reported on a periodic basis to the Board of Trustees.

9. Attachments:

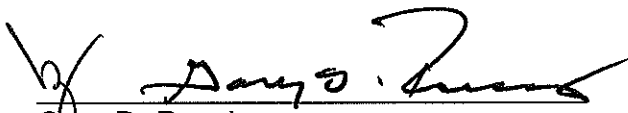
- A. G&LC Description of Program
- B. G&LC 2011 Budget Summary
- C. G&LC Registration & Golf Fees 2011
- D. G&LC Proposed Budget – All Funds, FY 2011
- E. G&LC Proposed Major Capital Expenditures, FY 2011

Submitted to the President
on 12/2, 2010 by



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

Recommended on 11/15, 2010
to the Board for approval by



Gary D. Russi
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 students, faculty and staff. 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. The R & S Sharf course opened for play on August 25, 2000. Beginning with the 2006 golf season, the G&LC successfully implemented a new Board of Trustees approved business plan focused on expanding the customer base.

The G&LC is located on the University's east campus. It is a 36-hole golf property with two championship courses. 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 31,000 annual rounds of golf. Golf rounds are comprised of student, faculty, staff, alumni, and registered golfers from the community. The G&LC is a self-sustaining auxiliary entity within the University. Its buildings and facilities include a clubhouse, two maintenance buildings, two food service buildings, 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 collaborations. 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>2008</u>	<u>2009</u>	<u>2010</u> ⁽¹⁾
Rounds of golf	33,563	33,584	31,000
Golf Registrations – full status	713	640	550
G&LC Fund balance	\$729,148	\$116,889	\$104,169

(1) Projected Year End includes \$ 13,488 restricted Fund Balance.

Golf and Learning Center

2011 Budget Summary

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 2011 budget is derived assuming the same basic rate structure as 2010. Golf registration options include Bronze (\$750 with access to Katke-Cousins (KC)), Silver (\$1,500 with access to KC and R & S Sharf), Gold (\$3,950 for unlimited personal golf fees on both courses) and a Platinum level (\$5,500 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 2011 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 31,000 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 G&LC expense budget includes an increase in overall expenses of .86% compared to the 2010 budget.

The Katke-Cousins irrigation system replacement project that was approved in the 2009 budget was completed in the summer 2010. The system replaced was the original system installed in 1975 prior to the course opening. It was a single row system and had out lasted its estimated 20-year life. The new system allows for more efficient water use and expanded course coverage for fairways, immediate adjacent rough areas, greens and tees and their immediate surrounding areas. This project was funded through the G&LC operations and reserves.

The 2011 budget produces an anticipated increase to the G&LC fund balance of \$11,165 and a fund balance at December 31, 2011 of \$115,334.

OAKLAND UNIVERSITY GOLF & LEARNING CENTER REGISTRATION AND GOLF FEES 2011

Golf Registration Options:

BRONZE	\$ 750
SILVER	\$ 1,500
GOLD (all-inclusive personal golf fees)	\$ 3,950
PLATINUM (all-inclusive personal golf fees, personal golf car fees and practice range fees)	\$ 5,500

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	\$28.00	\$35.00	\$32.00	\$40.00
BRONZE/SILVER	\$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

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

Oakland University
Ancillary Activities Operating Budget
Golf & Learning Center
Proposed Budget - All Funds
FY2011

	FY2010 BUDGET	FY2010 ESTIMATED ACTUAL	FY2011 PROPOSED BUDGET
REVENUE:			
Operating Revenue	\$ 2,711,875	\$ 2,655,143	\$ 2,569,001
Retail Sales	222,000	245,995	243,000
Student Tuition Allocation	-	-	-
Gifts and Grants	53,000	55,100	53,000
Investment Income	400	920	400
General Fund Support	-	-	-
Total Revenue	<u>\$ 2,987,275</u>	<u>\$ 2,957,158</u>	<u>\$ 2,865,401</u>
EXPENDITURES:			
Compensation	\$ 1,217,273	\$ 1,209,770	\$ 1,235,581
Supplies and Services	534,250	528,373	520,000
Repairs and Maintenance	292,885	244,438	257,900
Cost of Retail Sales	172,000	193,545	181,000
Equipment	157,500	176,667	200,000
Insurance	64,000	62,807	64,000
Utilities	82,450	61,852	71,600
Debt Service	7,400	7,400	7,400
University Overhead	96,004	96,004	98,885
Other Transfers	-	(18,330)	9,870
Total Expenditures	<u>\$ 2,623,762</u>	<u>\$ 2,562,526</u>	<u>\$ 2,646,236</u>
Net Revenue	<u>\$ 363,513</u>	<u>\$ 394,632</u>	<u>\$ 219,165</u>
Restricted Fund Balance *	\$ 13,488	\$ 13,488	\$ 13,488
Unrestricted Fund Balance	466,914	498,034	309,846
Less: Major Capital Expenditures	421,306	407,353	208,000
Total Fund Balance	<u>\$ 59,096</u>	<u>\$ 104,169</u>	<u>\$ 115,334</u>
Learning Center Annuity		<u>\$ 13,488</u>	
Restricted Fund Balance *		<u>\$ 13,488</u>	

Oakland University
Golf & Learning Center
Proposed Major Capital Expenditures
FY 2011

Item Description	Estimated Cost
Katke-Cousins Hole #3 pond dredging and stonework	125,000
Club house locker room renovation and club storage	40,000
Irrigation pump project	18,000
Deferred maintenance project TBD	25,000
FY 2011 Total	<u>\$ 208,000</u>