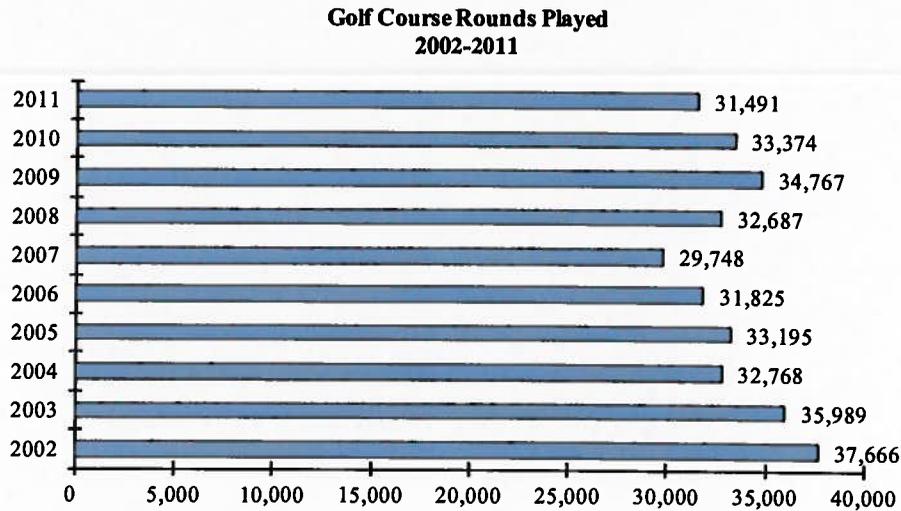


GOLF COURSE FUND

GENERAL INFORMATION:

The Golf Course Enterprise Fund was established July 1, 1977. This fund functions as a self-supporting operation without General Fund tax support. The only exceptions in prior years were the principal and interest payments on the \$250,000 bond issue for the purchase of the golf course property. This issue was retired in 1987. Play at the 18-hole Municipal Golf Course, located north of the City limits, decreased in the years from 1998 through 2007. This decreased play follows a national trend and competition from other area courses may also have had an impact. Play, however, increased in 2008 by 9.9% to 32,687 rounds and further increased by 6.4% to 34,767 in 2009. For 2010 play decreased by 4.0% to 33,374 and decreased another 5.6% to 31,491 rounds in 2011. Rainy weather and extreme heat were contributing factors in the decrease in rounds in 2010 and 2011. The following is a summary of the rounds during the past ten years:



The fees at the Municipal Golf Course have increased several times in recent years as reflected below. The fees shown include the state and local option sales tax, currently 7%. The rates were increased for the 2005, 2006, 2007 and 2008 golf seasons. No increases were budgeted for 2009, 2010 or 2011. The rates are budgeted to change for the upcoming 2012 season as follows:

<u>WEEK DAYS</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008-2011</u>	<u>2012</u>
Adults					
9 holes	\$ 12.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 14.00
18 holes	\$ 5.00	\$ 16.00	\$ 16.00	\$ 17.00	\$ 18.00
Senior Citizens					
9 holes	\$ 11.00	\$ 12.00	\$ 12.00	\$ 12.00	\$ 13.00
18 holes	\$ 13.00	\$ 14.00	\$ 14.00	\$ 15.00	\$ 16.00
Junior					
9 holes	\$ 10.00	\$ 10.00	\$ 11.00	\$ 11.00	\$ 5.00
18 holes	\$ 10.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 5.00

<u>WEEK DAYS</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008-2011</u>	<u>2012</u>
Adults 1-3 p.m.					
9 holes	N/A	N/A	N/A	N/A	\$ 9.00
18 holes	N/A	N/A	N/A	N/A	\$ 11.00
Senior Citizens 1-3 p.m.					
9 holes	N/A	N/A	N/A	N/A	\$ 8.00
18 holes	N/A	N/A	N/A	N/A	\$ 10.00

WEEKENDS AND HOLIDAYS

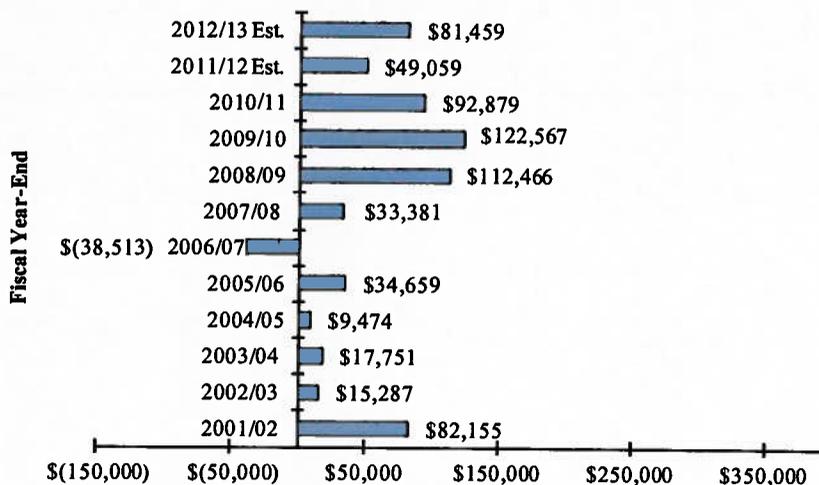
18 Holes					
Adult	\$ 15.00	\$ 16.00	\$ 18.00	\$ 19.00	\$ 20.00
Senior Citizens	N/A	N/A	\$ 16.00	\$ 17.00	\$ 18.00
Juniors	N/A	N/A	\$ 13.00	\$ 14.00	\$ 5.00

SEASON PASSES

Adults	\$ 455.00	\$ 485.00	\$ 485.00	\$ 525.00	\$ 550.00
Juniors	\$ 150.00	\$ 160.00	\$ 160.00	\$ 160.00	\$ 90.00
Senior Citizens	\$ 380.00	\$ 405.00	\$ 405.00	\$ 440.00	\$ 465.00
College Student Pass	N/A	N/A	N/A	\$ 335.00	\$ 300.00
Family Pass	N/A	N/A	N/A	\$ 875.00	\$ 915.00

The Golf Course fund balance has varied in recent years due to the amount of capital expenditures each year and also due to reduced play over the past ten years. The planned accumulation of funds and the subsequent decrease in fund balance in 2002 were due to the Water Hole Renovation Project. The deficit balance at the end of 2006/2007 and small balance at the end of 2007/2008 were due to the maintenance building fire. The fund balance history is shown below.

Golf Course Fund Balance History



Prior to 2007 the city had a contractual agreement with a golf professional to provide various services during the golf season. Effective as of the start of the 2007 season, the golf professional and all of the clubhouse staff are now employees of the city.

CURRENT TRENDS AND ISSUES:

Golf Clubhouse

A separate Golf Clubhouse activity within the Golf Fund was established at the time the City changed from a contracted golf professional to a City employee golf professional. This budget includes wages and benefits for staff, food and beverage items for resale, golf merchandise for resale, lease of golf carts, and various other items needed for the clubhouse. Revised estimate expenditures are \$2,800 less than the original budget.

The budgeted expenditures for 2012/2013 are \$6,500 (1.8%) higher than the 2011/2012 budget. This increase is primarily due to increases in personal services and items for resale.

An indoor golf simulator was purchased in 2010 to be used during winter months. Revenue from the simulator was \$8,615 in the first year it was introduced. Revenue is estimated at \$10,000 for both 2011/2012 and 2012/2013. Since this budget includes numerous items for resale, actual expenditures will be impacted by the volume of food and beverage items as well as golf merchandise sold.

Golf Course Operations

The golf course maintenance building fire on May 31, 2007 destroyed most of the mowers, other equipment, chemicals and fertilizers, tools and various other items, as well as the building itself. Insurance reimbursements were received toward the cost of replacing these items; however, the insurance coverage for the equipment was based on the current value of the equipment, not replacement value. The insurance reimbursement also would fund the replacement of the same size and type of building that was destroyed. The City, however, hired an architect to design a new maintenance building to meet the current needs of the Golf Course. Construction of this building was completed in the spring of 2009 at a cost of \$253,800. Insurance reimbursements for the former facility were only \$76,385. A capital project fund was established to account for costs of reconstructing this building and the estimated project cost (net of insurance) was originally projected to be financed over an 8-year period with a loan from other City funds. A down payment of \$23,600 was made in 2008/2009 with future annual payments (including interest) scheduled to be made over the next seven years. These types of loans have been used in previous years for major golf course projects. Based on actual revenues since that time, the loan repayment schedule was accelerated. The 2011/2012 revised estimate includes a final transfer of \$39,440 to pay off the internal loan.

The revised estimate for 2011/2012 for the Golf Operations activity budget is \$5,160 less than budgeted due to the net effect of increases and decreases in various line items. The 2012/2013 budget is \$38,900 (8.0%) less than the original budget for 2011/2012. This decrease is primarily due to a decrease in budgeted capital outlay items. The transfer allocation for 2012/2013, however, includes \$50,000 for the down payment for the fairway irrigation system project. This project is estimated at \$260,000 and is scheduled for construction in 2012/2013. An internal loan will again be required to finance this project.

Summary Information

Based on budget assumptions, it is estimated that the fund balance in the Golf Course fund, net of inventory, at the end of the 2011/2012 year will be \$49,059 and at the end of 2012/2013 will be \$81,459. A number of factors, however, can impact revenues at the course, especially the weather. As with previous internal loans for golf course improvements, payments on the internal loan for the fairway irrigation system project will be accelerated if sufficient funds are available.

As noted above, a rate increase is budgeted for the 2012 season. The budgeted rate structure represents an approximately 5% rate increase with the exception of junior rates and college season passes. A lower, flat rate for juniors was proposed in order to attract younger golfers to the course. This will be the 6th year of the City-operated clubhouse. During the upcoming year, staff is looking to maintain a quality golf course as well as increase food sales, lessons, and winter use of the clubhouse facility.

GOAL STATEMENT:

To provide and maintain a setting for the enjoyment and challenge by the public of the game of golf for both playability and aesthetics, including a regulation 18-hole course, driving range, clubhouse and related facilities.

PERFORMANCE MEASURES:

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Estimated 2012
Golf Course Operations:					
Top Dressed Greens	7	7	7	8	7
Stimped Greens	20	20	20	12	20
Aerified Greens	2	2	1	2	2
Acres Maintained	170	170	170	170	170
Acres Mowed Per Week	263	263	263	263	263
New Trees Planted	14	4	3	4	4
Bluebirds Fledged	25	22	25	6 (84 eggs)	20
Rolled Greens	N/A	25	29	27	27
Verti-cut Greens	N/A	6	6	7	7
Clubhouse Operations:					
Rounds Played	32,687	34,767	33,374	31,491	33,370
Events	51	52	48	50	52
Leagues	7	7	7	8	8
Season Passes Sold	264	292	312	277	300
Driving Range Tokens Sold	7,428	7,931	7,397	7,700	8,000
Gift Cards Sold (\$)	\$16,363	\$16,121	\$22,708	\$18,578	\$18,000
Lesson Hours	158	160	165	168	180
Total Beer Sales (Units)	29,380	29,195	37,455	36,400	37,000
Total Food and Beverage (Units)	37,449	40,489	43,422	49,795	42,000
Simulator Usage (\$)	NA	NA	\$3,285	\$6,990	\$10,000
Merchandise Sales (\$)	\$43,018	\$36,244	\$44,731	\$59,414	\$60,000

RECENT ACCOMPLISHMENTS:

Golf Course Operations

The 2011 golfing season started as a wet year but soon turned extremely dry and hot. The turf did not respond very well to these conditions. There is a lot of poa annual bluegrass throughout the golf course. This species like every other will seek out water and when the only water being applied is by irrigation, it does not allow moisture to really soak the soil down deep which causes the roots to become shallow. Poa does not perform well under extreme heat and will die off with this shallow root system. August brought some pleasant weather allowing the repair process to start. Fairways were aerified and re-seeded, greens were aerified the best that they have ever been aerified and staff was able to pull cores that were 6 inches deep allowing sand to get down those holes to help with drainage and air transfer for the plants. This will be of benefit in the future. Tee boxes were aerified and re-seeded as well; collars were also aerified and seeded. Staff was fortunate enough to be able to aerify fairways again in September. This is the first time they've been done twice in one season. Hopefully there will be a benefit from this second aerification by relieving some compaction from golf cart traffic and mower traffic. The 2011 season ended up with a very nice fall for growing turf. Most areas have been fully recovered with only a few areas coming in a little weak. These weak areas will be addressed again in the spring with full recovery expected.

Some cart path work was done around Hole #1 which should help get golf carts out sooner in wet conditions. A circle area was also added between greens 10 and 13 to allow carts to park and others to pass by without leaving the cart path. Hole #15 also received a cart path extension to connect the forward tee to the existing path. This was also a low area which would stay wet. More cart path work in the future should help with turf quality and getting carts out sooner.

The sand bunker to the left of number 10 fairway was removed and a new one placed on the right side of the fairway. The golfing survey done a few years ago identified this as one of the top requests from golfers. This work was all done in house with the only expense being a load of sand. The new mini excavator and uni-loader from the Park Maintenance division were utilized for this project.

The tee box renovation project for numbers 3, 9, 10, and 12 has been completed with some rolling and tweaking to be done next spring. The number 3 tee turned out really well. A tremendous amount of turf area was gained by removing the railroad tie wall and plantings which should help with wear and tear and allow recovery sooner as staff is now able to move the teeing area to more locations. This tee was also sodded with bent grass which is a more aggressive species and should recover quicker. Numbers 9, 10, and 12 were stripped of the old sod and laser leveled with the correct slope and new bluegrass sod laid down. These should be playable soon after the turf begins to grow in the spring.

Clubhouse Operations

The golf course got off to a sluggish start when it opened for play on March 14th. With the cool and wet weather, rounds were about 1,600 behind the pace set in 2010. The hot weather during the summer had an impact on play as well. Parks staff decided to run specials during the summer which helped the rounds stay steady even with the warm and humid weather. The season ended with 31,491 rounds, about 1,800 rounds below average with most of that difference coming in March and April. The number of season pass holders was down as well from 312 in 2010 to 277 in 2011. This also explains some of the revenue numbers being down. The average pass holder plays 57 rounds. With 35 fewer season pass holders, about 2,000 season pass rounds were lost as well as the incidental revenue that goes with those rounds.

The golf course closed for the winter on November 28th and at that time staff changed focus to the simulator and winter golf activities. The first session of the winter golf league has started and there continues to be steady daily play. Several lesson series were scheduled and several club fittings will be done throughout the winter. It is anticipated this will be a good year for the simulator with increased awareness and more people wanting to use this great tool.

OBJECTIVES TO BE COMPLETED IN 2012/2013:

Golf Course Operations

- * To design and install the fairway irrigation system in the fall of 2012.
- * To strategically plant new trees to replace trees that have died and/or been damaged.
- * To install a new driving range pad to help with early season usage and wet condition usage (subject to funding).
- * To continue cart path work/renovation (subject to funding).
- * To repair/replace the number 10 cart path and add continuous paths on numbers 3 and 17.
- * To repaint parking lot lines and seal cracks in the asphalt.
- * To have a plan in place to renovate number 9 and number 15 greens.
- * To have a plan in place to replace the fence along hole number 16 (180th Street).
- * To continue to pursue bunker renovations and get a timeline and pricing together for this project.
- * To continue to operate within the approved budget.
- * To continue to work with the public on special events and requests.
- * To explore and implement "Lean" initiatives in this division.

Clubhouse Operations

- * To increase merchandise sales through active selling and by providing quality products at a competitive price.
- * To continue to improve the quality of service that the guests receive in all areas of the facility.
- * To be price competitive among local and regional golf facilities.
- * To continue to utilize the City website to market the golf course and activities.

- * To increase participation in the golfer development programs, including the junior camp as well as adult classes.
- * To work with local organizations to increase usage of the facility and to promote the game of golf.
- * To continue to actively promote the simulator and provide new winter activities at the Clubhouse.
- * To explore and implement “Lean” initiatives in all areas of the operation.

Golf Course Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 95,856	\$ 104,469	\$ 103,869	\$ 58,899	\$ 15,059
Revenues	821,811	777,025	834,200	804,600 (2)	856,400 (2)
Encumbrance Variance	<u>875</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Funds Available	<u>\$ 918,542</u>	<u>\$ 881,494</u>	<u>\$ 938,069</u>	<u>\$ 863,499</u>	<u>\$ 871,459</u>
Expenditures:					
Golf Course Operations	\$ 440,972	\$ 433,535	\$ 488,000	\$ 482,840	\$ 449,100
Golf Clubhouse Operations	<u>373,101</u>	<u>389,060</u>	<u>368,400</u>	<u>365,600 (3)</u>	<u>374,900 (4)</u>
Total Expenditures (1)	<u>\$ 814,073</u>	<u>\$ 822,595</u>	<u>\$ 856,400</u>	<u>\$ 848,440</u>	<u>\$ 824,000</u>
Ending Balance, June 30	<u>\$ 104,469</u>	<u>\$ 58,899</u>	<u>\$ 81,669</u>	<u>\$ 15,059</u>	<u>\$ 47,459</u>
Allowance for Inventory	<u>18,098</u>	<u>33,981</u>	<u>18,100</u>	<u>34,000</u>	<u>34,000</u>
Net Balance, June 30	<u>\$ 122,567</u>	<u>\$ 92,879</u>	<u>\$ 99,769</u>	<u>\$ 49,059</u>	<u>\$ 81,459</u>
Increase (Decrease) In Fund Balance	\$ 8,613	\$ (45,570)	\$ (22,200)	\$ (43,840)	\$ 32,400

1. Expenditures include changes in compensated absences and other post-employment benefits.
2. Both the Revised Estimate and 2012/2013 revenues include a rate increase for the 2012 season.
3. The Revised Estimate expenditures include the final payment on the internal loan for the Maintenance Building project.
4. The 2012/2013 expenditures include a downpayment of \$50,000 on the internal loan for the Irrigation System project (\$260,000 total project cost).

Golf Course
Summary of Revenues

	<u>Actual</u> <u>2009/2010</u>	<u>Actual</u> <u>2010/2011</u>	<u>Budget</u> <u>2011/2012</u>	<u>Revised</u> <u>Estimate</u> <u>2011/2012</u>	<u>Budget</u> <u>2012/2013</u>
Season Passes	\$ 124,682	\$ 107,009	\$ 129,000	\$ 121,000 (1)	\$ 131,000 (1)
Greens Fees	254,932	222,923	250,000	230,700 (1)	247,000 (1)
Trail Fees	164	175	150	150	150
Interest	807	315	0	100	100
Rental of Buildings	0	50	350	350	350
Lessons	8,349	5,760	10,000	8,000	10,000
Golf Cart Rental	176,299	178,098	182,000	181,300	193,000
Pull Cart Rental	1,292	966	1,300	800	1,000
Driving Range Fees	20,135	17,435	18,000	18,000	18,000
Tee Time Reservations	726	359	0	0	0
Simulator Fees	0	8,615	10,000	10,000	10,000
Catering Fee	460	206	600	600	600
Beer Sales	72,913	80,356	81,000	84,000	85,000
Food and Beverage Sales	65,029	66,403	72,000	65,000	68,000
Merchandise Sales	47,088	54,073	48,000	54,200	60,000
Miscellaneous Sales	1,315	1,355	2,000	2,000	2,000
Rebate - Soft Drink Supplier	1,800	1,800	1,800	1,800	1,800
Sales Tax	42,111	25,608	28,000	26,600	28,400
Sale of Equipment	0	2,772	0	0	0
Miscellaneous	3,709	2,750	0	0	0
Total Revenues	<u><u>\$ 821,811</u></u>	<u><u>\$ 777,025</u></u>	<u><u>\$ 834,200</u></u>	<u><u>\$ 804,600</u></u>	<u><u>\$ 856,400</u></u>

1. Reflects increases in fees for the 2012 season.

Function:
Business Type

Department:
Parks and Recreation

Activity:
Golf Course Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 173,597	\$ 179,617	\$ 194,100	\$ 190,500	\$ 195,400	0.67%
Commodities	85,817	96,685	101,300	105,600	101,900	0.59%
Contractual Services	41,335	45,780	43,200	47,200	41,800	-3.24%
Capital Outlay	18,210	22,289	59,500	52,900	11,400	-80.84%
Transfers	<u>121,565</u>	<u>83,000</u>	<u>89,900</u>	<u>86,640</u>	<u>98,600</u>	9.68%
Total Expenditures	<u>\$ 440,524</u>	<u>\$ 427,371</u>	<u>\$ 488,000</u>	<u>\$ 482,840</u>	<u>\$ 449,100</u>	-7.97%
Funding Sources						
Golf Funds	<u>\$ 440,524</u>	<u>\$ 427,371</u>	<u>\$ 488,000</u>	<u>\$ 482,840</u>	<u>\$ 449,100</u>	-7.97%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Golf Course Supervisor	1.00	1.00	1.00	1.00	1.00	
Groundskeeper	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	
Total Full Time	2.00	2.00	2.00	2.00	2.00	
Part Time:						
Seasonal Equipment Operator	<u>2.66</u>	<u>2.56</u>	<u>2.56</u>	<u>2.56</u>	<u>2.56</u>	
Total	4.66	4.56	4.56	4.56	4.56	\$ 143,400
Employee Benefits						52,000
Total Personal Services						<u>\$ 195,400</u>

Capital Outlay			
Item	Quantity	Replacement	Amount
Clubhouse Door Replacement	2	Yes	\$ 7,000
Stump Grinder (1/3 of Cost)	1	Yes	2,000
Roto-tiller	1	No	2,400
			<u>\$ 11,400</u>
Capital Project Funding Transfer			
Fairway Irrigation System (Downpayment)			<u>\$ 50,000</u>

Function:
Business Type

Department:
Parks and Recreation

Activity:
Golf Clubhouse Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 140,999	\$ 150,904	\$ 147,500	\$ 148,200	\$ 153,900	4.34%
Commodities	116,625	128,976	118,800	119,400	122,800	3.37%
Contractual Services	105,109	89,230	95,600	91,500	97,200	1.67%
Capital Outlay	10,368	19,950	6,500	6,500	1,000	-84.62%
Transfers	-	-	-	-	-	
Total Expenditures	\$ 373,101	\$ 389,060	\$ 368,400	\$ 365,600	\$ 374,900	1.76%
Funding Sources						
Golf Fees and Sales	\$ 373,101	\$ 389,060	\$ 368,400	\$ 365,600	\$ 374,900	1.76%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Golf Professional	1.00	1.00	1.00	1.00	1.00	
Part Time:						
Clubhouse Supervisor	1.35	1.61	1.35	1.49	1.35	
Cashier	1.03	1.33	1.18	1.14	1.18	
Laborer/Ranger	0.66	0.49	0.74	0.64	0.74	
Total Part Time	3.04	3.43	3.27	3.27	3.27	
Total	4.04	4.43	4.27	4.27	4.27	\$ 122,900
Employee Benefits						31,000
Total Personal Services						\$ 153,900

Capital Outlay			
Item	Quantity	Replacement	Amount
Merchandise Display Fixtures			\$ 1,000