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**PARKS, RECREATION & FACILITIES
MANAGEMENT**

Dean R. Gazza, Director

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TO: Parks & Recreation Committee

FROM: Dean R. Gazza

DATE: 8/27/2014

RE: Action: Approve Recommendation to Self-Operate the Golf Operations at Reid Golf Course Commencing for the 2015 Season.

A comprehensive analysis was completed of Reid Golf Course. The conclusion recommends self-operating the golf course to provide the best opportunity for financial sustainability beginning in 2015. Currently the golf course operates under a hybrid agreement; whereas, the City retains a contractor to provide clubhouse services. After completing a thorough analysis of the golf course's operations, the Parks, Recreation and Facilities Management Department and the Finance Department recommend that the clubhouse operations at Reid Golf Course be self-operated by the City by the Parks, Recreation and Facilities Management - Recreation Division.

The golf course cannot remain self-sufficient on green fees alone. Expenses continue to outpace revenues and the golf industry continues to decline. To obtain financial sustainability the City needs to retain all revenue sources. Green fee revenue alone doesn't cover all of Reid Golf Courses operating expenses. Currently Reid Golf Course operates at a deficit of 25 cents on every dollar earned in green fees. It does not generate sufficient revenue to budget for capital expenses and is projected to have a negative working capital reserve by 2018. In addition, the golf course has \$1,023,577 in debt from past projects with payments through 2026. Revenues needed to prosper include golf cart rentals, the practice range, pro-shop and food/concession services. Currently, the golf course contractor retains 100% of all revenue from these sources, which is uncommon for any municipal golf course. Our current agreement includes (5) payments of \$5,000 to the golf course by the clubhouse contractor, but is mostly offset with payments to the contractor for the collection of green fees and other performance incentives met. In addition to not getting any of these revenues, the City is paying for the cost of the clubhouse including maintenance, utilities, security, phone, internet, etc. Our analysis found that Reid Golf Course is the only municipal golf course in Wisconsin funded by green fees alone. Though some municipal golf courses operated similarly in the past, they all changed their operational models in past years to increase their financial

sustainability. The competitiveness of the golf industry continues to grow as profitability continues to shrink.

The Recreation Division of the Parks, Recreation and Facilities Management Department provides a level of expertise and creativity in program development, social media, customer service and marketing needed to maintain and develop business. In addition, they currently collaborate with dozens of community partners and have a substantial amount of resources to invigorate the golf course with new initiatives. Utilizing the current staff's abilities to self-operate the clubhouse will maximize our potential at Reid Golf Course to capitalize on our own resources.

Please refer to the attached report for greater detail regarding this recommendation. Please feel free to contact me to personally meet or to discuss this further. I can be contacted at (920) 832-5572 or dean.gazza@appleton.org.

Reid Golf Course Planning



2014 Analysis

In 2012 a comprehensive analysis effort was initiated for Reid Golf Course to address the financial sustainability of the golf course. The analysis focused on a review of the operating model that best fits the future of the golf course. Currently the golf course operates under a hybrid agreement whereas the City maintains the course and facilities and retains a contractor for clubhouse services. After completing a thorough analysis of the golf courses' operations, the Parks, Recreation and Facilities Management Department and the Finance Department recommend that the clubhouse operations at Reid Golf Course be self-operated by the Parks, Recreation and Facilities Management - Recreation Division.

To obtain financial sustainability, the City needs to retain all revenue sources. Green fee revenue alone doesn't cover all of Reid Golf Courses operating expenses. Currently Reid Golf Course operates at a deficit of 25 cents on every dollar earned in green fees, does not have sufficient revenue to budget for capital expenses and is projected to have a negative working capital reserve by 2018. In addition, the golf course has \$1,023,577 in debt from past projects with payments through 2026. Refer to attachments for detail. The golf course is not able to remain self-sufficient on green fees alone and needs revenues from golf cart rentals, practice range, pro-shop and food/concession services. Currently, the golf course contractor retains 100% of all revenue from these sources, which is an uncommon situation of for any municipal golf course. The current agreement includes (5) payments of \$5,000 to the golf course by the clubhouse manager, but is mostly offset with payments to the contractor for the collection of green fees and other performance incentives met.

The competitiveness of the golf industry continues to grow as profitability continues to shrink. With the continued development of social media, internet and golf software packages, marketing has become a daily function in golf management. This requires on-going analysis of participation and sales data to make daily, and sometime hourly, decisions regarding real time promotions and pricing. Second, trends in golf and what golfers want are changing rapidly as people face both financial and time constraints. New initiatives include tee-it-up initiatives, 3 and 6-hole rounds and enlarged holes to shorten the time commitment needed to play golf. In addition, marketing is being targeted much more to the youth and female population. Overall, studies have determined that golf has to be fun and not so competitive to attract new customers.

The Recreation Division of the Parks, Recreation and Facilities Management Department provides a level of expertise and creativity in program development, social media, customer service and marketing needed to retain and develop additional business. In addition, they currently collaborate with dozens of community partners and have a substantial amount of

resources to invigorate the golf course with new initiatives. Utilizing the current staff’s abilities will maximize our potential at Reid Golf Course.

Though contracting worked a decade ago when green fees made up a higher percentage of overall revenue, golf courses have recognized they cannot survive without having direct control over all customer service, marketing and revenue sources. Below is a listing of the Municipal Golf Courses in Wisconsin and their operational model. The Director of Parks, Recreation and Facilities Management met or spoke with those in charge of those courses. What he found was that most golf courses self-operate and for those who contract, it is only a small portion of their operations, but in those cases the municipality gets a respectable portion of the revenues back from the contractors. Some of these golf courses had recently changed their operational models to in-house within the last 5 years, but even when they contracted they were still getting a portion of the clubhouse revenue, unlike the current agreement for clubhouse operations at Reid.

Municipal Body	Course(s)	Operational Model
<p>Brown County</p> <p>Scott Anthes, Golf Course Superintendent</p>	<p>18 hole</p>	<p>Partial -contract, retain revenues from carts and gets rent for kitchen/dining areas (see comments below)</p>
<p>City of Fondulac</p> <p>Dave Brandenburg, General Manager/Superintendent</p>	<p>72 holes</p>	<p>Self-operate, except for kitchen</p>
<p>Village of Howard</p> <p>Chris Clark, Superintendent Parks, Forestry and Golf Course</p>	<p>9 Holes</p>	<p>Self-Operate</p>
<p>City of Kenosha</p> <p>Golf Course Staff</p>	<p>9 Holes</p>	<p>Self-Operate</p>
<p>City of La Crosse</p> <p>Steve Carlyon, Parks & Recreation Director</p>	<p>18 Holes</p>	<p>Hires Management Services to Kemper Sports (a nationwide golf course management company)</p>

<p>City of Lancaster</p> <p>John Hauth, Director of Public Works</p>	18 Holes	Self-Operate, except for kitchen
<p>City of Madison</p> <p>Laura Whitmore, Marketing/Community Relations</p>	4 - Courses	Self-Operate
<p>County of Milwaukee</p> <p>Jon Canavan, Golf and Recreation Turf Manager</p>	15 - Courses	Self-Operate
<p>City of Oshkosh</p> <p>Ray Maurer, Parks Director</p>	18 hole	Self-Operate
<p>Ozaukee County</p> <p>Andrew Struck, Planning and Parks Department</p>	18 hole	Self-Operate, except concessions
<p>Village of Prentice</p> <p>Laurie Andreae, Clerk/Treasurer</p>	9 hole	Self-Operate
<p>City of Rhinelander</p> <p>Gunder Paulsen, Parks, Buildings & Grounds Director</p>	18 hole	Self-Operate
<p>City of Sparta</p> <p>Brad Gilbertson, Parks & Recreation Director</p>	18 hole	Self-Operate, except restaurant and bar.
<p>Village of Spring Green</p> <p>Jenny Pappas Deputy Clerk/Treasurer</p>	9 hole	Operated by the Golf Association – Unique Situation

As mentioned above, for those courses contracting a portion of their operations they receive a percentage of the sales from their contractors. For example:

- City of Fondulac receives 10% of first \$200,000 in sales from the kitchen/concessions contract and 3% thereafter. In addition, they receive 5% of revenues from lessons provided by an agreement with a hired golf pro.
- Brown County receives \$60,000 annually to rent out kitchen/bar/seating area. The contractor also pays 75% of all of the utilities for the facility plus 33% of the sanitary and waste. In addition, Brown County provides and retains 70% of the cart revenue. 30% is paid to the contractor to lease, clean, fuel, etc. the carts.
- City of La Crosse pays a management company a large fee to have a professional golf company provide the management of the course. The City collects 100% of all revenue from all sources.

When each golf course was asked about their decision to go in-house, the unanimous response was financial sustainability versus the performance of their contractor. No golf course can operate on green fees alone. In fact, most golf courses are unable to cover their basic operating expenses on green fee revenue alone, therefore these courses relying mainly on the revenues from the driving range, cart rentals and beverage sales to balance their budgets.

In addition to not getting any of the revenue other than green fees, the contractor at Reid Golf Course does not share in the costs to maintain the building, provide utilities, repair course damage from carts, maintain the practice range, provide the computer and phone systems, etc.

Overall, the control over revenues is essential for municipal golf courses to survive. Self-operating ensures the best interests of the course are always considered in any decision. It also allows the City to control the level of effort provided toward the golf course. Though revenue is essential to the survival of municipal golf courses, ensuring equal opportunity for all ages and demographics, recreational opportunities and lower costs remain on top of the list. Many municipalities also have indicated that the effort towards making changes in conjunction with the current trends and demands of golfers lags when utilizing a golf contractor. Golf contractors do not make long-term investments or changes because of contracts that generally are established for 3-5 years at a time. Quality and customer service often lack as a result of understaffing or a lack of resources committed to an operation that is not owned by the contractor. In most cases the City is supplementing resources to ensure the customers' experiences are not impacted by these deficiencies.

The City of Appleton has made major investments in improving Reid Golf Course including a new irrigation system, renovated maintenance shop, renovated pro shop area, renovated concession and clubhouse area, new tables and seating, new tee signs, a new computer system

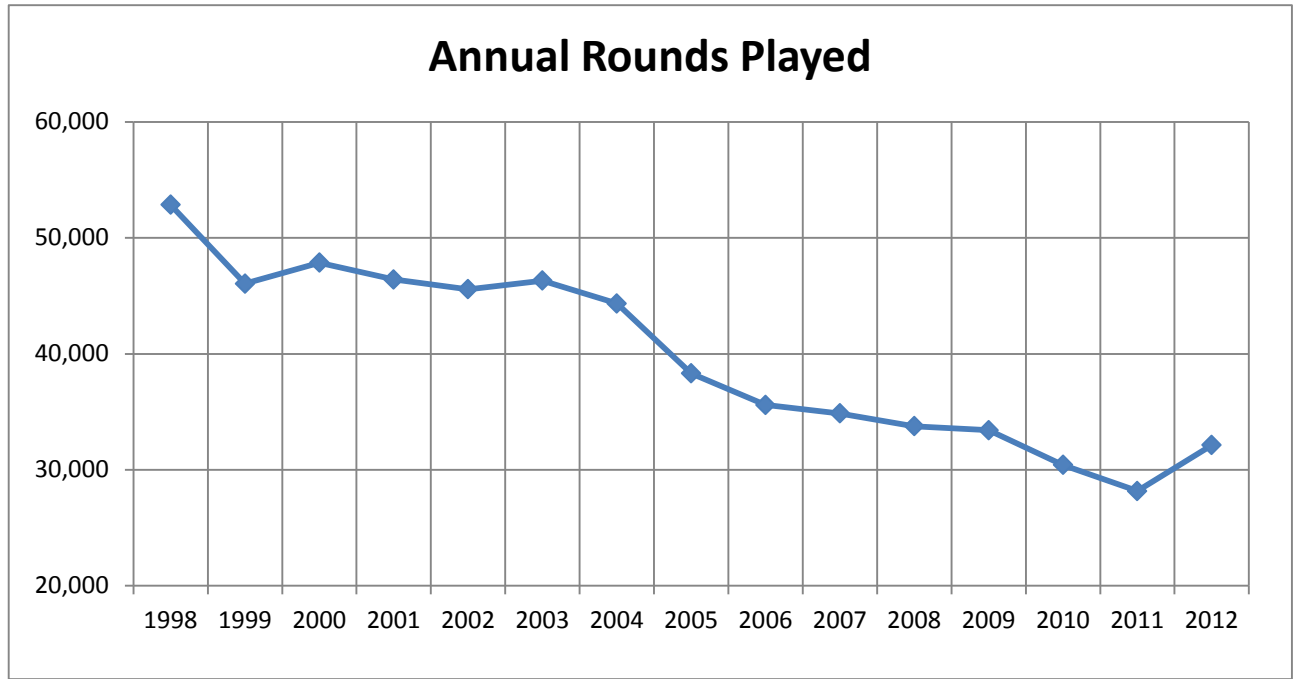
and computers, etc. In addition, the course has been renovated in 2013/2014 which improved the course and practice range. All of these investments have been made by the City of Appleton. With this being said, the investor should be then earning the revenue from such investments. Self-operation would best allow the City to capitalize on these recent investments.

Over the last several years, the City has dedicated other resources to the golf course. Currently, 5% of the Director of Parks, Recreation and Facilities Management, 5% of the Parks Planner/Liaison, 5% of the Recreation Administrative Assistant, 5% of the Customer Service/Accountant Finance Supervisor and 2.5% of the Administrative Service Coordinator's pay and fringes is budgeted to the contract administration of the golf course. This totals \$21,257 annually. Staff has indicated that they regularly exceed those allocations each year. In addition, Reid Golf Course pays \$17,900 annually for support from other departments such as Human Resources, Attorney's and Finance. Much of the effort currently provided by City staff is to monitor contract compliance, set-up and maintenance of the computer software program and marketing. Contract compliance consists of performing daily checks to reconcile tee-sheets and sales reports to ensure green fees are being entered correctly and to ensure the City receives this revenue. In addition, we monitor compliance for providing the requirements and services as identified in the contract. Marketing efforts consist of creating promotional materials for rates, specials, web site updates and email blasts. The level of work completed by City staff has grown substantially over the years for reasons mentioned, as well as the need to provide marketing and the use of social media to retain and attract golfers. As golf rounds continue to decrease the efforts for marketing have to increase.

Operating a municipal golf course with an independent contractor, like the current arrangement, comes with additional challenges. Specifically, the municipality loses a certain amount of control over the day-to-day operations of the golf course and loses the flexibility to act and respond more quickly to things like customer service issues and marketing promotions and opportunities that come up during the golf season. Having greater flexibility of all operational aspects will better allow the City to maximize its investment and the potential of the golf course.

Rounds have decreased dramatically at Reid Golf Course from past. Below is a 15-year trend indicating the decline from 52,851 rounds in 1998 to 32,129 rounds in 2012. The amount of rounds in 2012 was attributed to an early spring making this the earliest opening in history providing six extra weeks of business. Note the all-time high was 66,666 rounds in 1990. Our analysis has shown that the effort to retain and attract new golfers is substantially greater from where it was just a decade ago. Rather than just opening the door and waiting for golfers to

make a tee-time, golf course clubhouse managers have to be creative in maintaining its current market share and seeking out new business. Operating the golf course under the direction of the Recreation Division will allow us the flexibility to capitalize on using our current assets and proven success for program delivery, marketing, customer service, social media, etc.



More challenging is the fact that revenues from green fees have not stayed on pace with increases in expenses. As revenues declined, expenses increased. Unfortunately, the reduction in revenues has resulted in minimal capital improvements and reduced operational upkeep. Current needs include major work to the parking lot. Upcoming needs include renovation to the bathrooms and locker room areas, upgraded kitchen equipment and a sand silo. Other upgrades to consider are paving the cart paths, course improvements on those holes not included in the 2013 pond project/course renovation and upgrades to the irrigation system that is almost 10 years old.

We began the budgeting process for 2015 and are not able to balance future budgets responsibly without an increase in revenue. Like past years, in order to present a balanced budget we would need to eliminate or defer expenses. As indicated on Page 267 of the 2014 Budget, it is projected the working capital for the golf course will be a negative (\$6,328). It has always been a responsible goal to maintain at least a 25% working capital reserve (1/4 of the overall budget) for unanticipated expenses. The golf course has been able to balance the budget through various cuts, but has been fortunate to increase revenues through leasing land for wireless communication equipment and stormwater ponds. We do not see an increase in

these types of revenues in the future. It is likely that to make the budget balance we will have to continue to defer any repairs and projects and limit the maintenance to the course. No capital projects will be considered. We are unable to increase revenue through an increase in green fees. We feel raising green fees would only hurt business as we no longer would be competitive with surrounding golf courses. Based on the competitiveness for golfers, it is unlikely we will be able to make any significant increases in green fees to increase revenue for several years to come.

The parking lot at Reid Golf Course is deteriorated and in need of a complete replacement. Earlier this year an engineer indicated that an overlay was not feasible and that a new base would have to be installed to ensure the long-term integrity of the lot. In 2015 we are budgeting for the engineering work to be completed and are targeting 2016 for replacement. The overall cost is expected to be \$185,000. Since the golf course does not have a reserve for capital projects such as this, this money will have to be borrowed and paid back over a 10 to 15 year period adding to the current debt from past projects. The golf course cannot be sustainable on this path.

Prior to 1990 the golf course was budgeted as any other recreational program in the City. In 1990 the decision was made to separate the golf course from the general fund budget because it had been successful and was making enough revenue to cover its own expenses without taxpayer support. At that time the golf rounds played were double that being played today. Some municipalities have had to revert back to subsidizing their golf courses with taxes to keep them open. Based on our current trend the City of Appleton will also have to do that if no changes are made to the operating structure. Today, it would be difficult to make this change because of the current demands for other City services, many which already have been cut back throughout the years.

After careful consideration and for the many reasons mentioned, it would be our recommendation to self-operate the golf course clubhouse operations beginning in 2015 under the direction of the Recreation Division of the Parks, Recreation and Facilities Management Department – Recreation Division.

Clubhouse Supervisor (New Position) – Under the direction of the Recreation Manger the Clubhouse Supervisor would be responsible for preparing the clubhouse for the upcoming year, development of the marketing plan, website marketing, scheduling and supervision of clubhouse staff, customer service and tournament/event management.

Golf Course Superintendent (Existing Position) – Under direction of the Grounds Manager this position would continue to be responsible for the year around maintenance of the golf course. In addition, this position would manage the golf cart rental services by ensuring the carts are available and ready for rent through the clubhouse. In addition, this position would manage the driving range.

Clubhouse Services Seasonals – Between (4) and (6) part-time seasonal staff would be hired to provide customer service for the pro-shop and concessions operations.

Increases from revenue would result from –

- Golf cart rentals
- Range ball rentals
- Concession/beverage sales (in-house and/or contracted)
- Real-time marketing and promotions
- Contract with a Golf Professional to provide lessons
- Clubhouse merchandise sales
- Locker rentals
- Tournaments and Special Events

Please find attached a proposed budget which provides a comparison of both the current method of operation versus self-operating all clubhouse services. Overall, our analysis indicates that Reid Golf Course could benefit from an additional \$50,000 - \$75,000 annually by self-operating. Our analysis and current experiences have taught us that we are missing out on other revenue opportunities. When green fees are separate from other revenue sources it is difficult to utilize proactive marketing methods commonly used in the golf industry. For example, specials are offered where discounted green fees are offered with the rental of a cart. This strategy is proven to be successful when one entity has the flexibility to create these marketing “loss-leader” specials. This is one example of how self-operating will enhance revenues. Other methods include real-time marketing, pricing, passes for the driving range, etc. The anticipated revenues and expenses are based on historical results from 2012 and current year 2014 when Reid Golf Course operates as an 18-hole course. In 2013, the (9) holes of the course were closed for renovation.

Conclusion

This report and recommendation is based on a three year analysis process by staff in the PRFMD. In 2012, the Parks, Recreation and Facilities Management Director attended a conference in West Virginia focusing on the financial challenges faced by Municipal Golf Courses. Seventy-three other public course were represented at this conference all facing similar challenges and focused on making the best decision for the future. Most municipalities were already self-operating their own golf courses. In 2013, the Director of Parks, Recreation and Facilities Management hired a consultant to review the current operating structure and financials. The result was a recommendation to consider self-operating to maximize revenues. Golf courses cannot operate on green fees alone. Currently Reid Golf Course operates at a deficit of 25 cents on every dollar earned in green fees, does not have sufficient revenue to budget for capital expenses and is projected to have a negative working capital reserve in the near future. Our Finance Department has also acknowledged our current challenges and agrees we are not capitalizing on all of our revenue sources and this change is necessary. It is our recommendation to self-manage and operate the golf course to provide the best opportunity for Reid Golf Course to remain sustainable as an enterprise fund without requiring tax-payer support.

The current contract with the Golf Course Contractor allows for either party to terminate the contract, without reasons, with written notification to the either party by November 30th of each year for services provided the following year. We recommend approval to provide the contractor with a termination notice this fall to allow the contractor plenty of notice in addition to allow for the changes to be implemented in to the 2015 budget process. The City has contracted with GNOBOGEYS since 2001 and it is understandable golfers may be disappointed with the termination of this contract based on their long standing relationship with the Contractor. This recommendation would not be complete without considering that. However the focus must remain on ensuring Reid Golf Course remains sustainable and we are confident that a high level of customer service can be delivered with a self-managed course.

Overall, the future of the golf course depends on its ability to generate enough revenue through providing quality playing conditions, excellent service and competitive pricing. In order to do this the City of Appleton will need to make a change in the operational structure of Reid Golf Course to continue without taxpayer support.

**REID GOLF COURSE
GREEN FEES VS. EXPENSES**

PROGRAM BUDGET SUMMARY

<u>Green Fees</u>		\$	458,420
<u>Payroll Taxes and Benefits</u>			
6150 Fringes			30,630
	<i>Exempt Staff</i>	9,869	
	<i>Non-Exempt Staff</i>	17,022	
	<i>Other</i>	100	
	<i>Operations Staff PT</i>	3,639	
6201 Training/Conferences			750
6303 Memberships & Licenses			585
6307 Food & Provisions			35
6451 Uniform Services			100
			32,100
			\$0.07
<u>Course Maintenance</u>			
6101 Regular Salaries		\$	109,283
	<i>Golf Superintendent</i>	75,213	
	<i>Grounds Technician</i>	34,070	
6105 Overtime			500
6108 Part-Time			45,630
	<i>Operations Staff - Laborer I</i>	25,200	
	<i>Operations Staff - Laborer II</i>	22,368	
6110 Other Compensation			180
6308 Landscape Supplies			34,100
6322 Gas Purchases			10,000
6418 Equip. Repairs & Maint			5,200
6425 CEA Equip. Rental			79,157
6426 Other Interfund Charges			3,000
6408 Contractor Fees			1,000
x 6327 Miscellaneous Equipment			6,000
6599 Other Contracts/Obligations			380
			294,430
			\$0.64
<u>Marketing</u>			
6101 Regular Salaries			
	<i>Administrative Assistant</i>	1,886	\$
6412 Advertising			5,000
			6,886
			\$0.02
<u>General & Administrative Expenses</u>			
6101 Regular Salaries		\$	14,560
	<i>Director</i>	5,297	
	<i>Park Planner</i>	4,342	
	<i>Account Supervisor</i>	3,641	
	<i>Administrative Services Coordinator</i>	1,280	
6301 Office Supplies			100
6320 Printing & Reproduction			2,000
6401 Accounting/Audit			2,433
6403 Bank Services			100
6404 Consulting Services			4,650
6407 Collection Services			483
6501 Insurance			3,690
6503 Rent			550
6601 Depreciation Expense			66,500
6720 Interest Payments			13,920
7911 Trans Out - General Fund			17,900
			126,886
			\$0.28
<u>Golf Shop and Outside Services</u>			
6306 Building Maint./Janitorial			10,000
6322 Gas Purchases			6,000
6408 Contractor Fees			15,000
6420 Facilities Charges			30,943
6424 Software Support			4,400
6413 Utilities			44,586
			110,929
			\$0.24
Total Expense		\$	571,231
			\$1.25

CITY OF APPLETON 2015 BUDGET - DRAFT

REID GOLF COURSE

Operations - 5630

PROGRAM BUDGET SUMMARY

Description	Actual		Budget		
	2012	2013	2014	Proposed 2015 (Current Ops.)	Proposed 2015 (Self-Operation)
	Revenues				
4710 Interest on Investments	\$ 3,149	\$ 146	\$ 1,800	\$ 1,800	\$ 4,000
4801 Charges for Serv.- Nontax	5,923	2,868	6,500	6,500	-
4802 Charges for Serv. - Tax	450,802	198,537	460,000	458,420	726,920
<i>Daily Green Fees</i>				349,370	349,370
<i>Passes, Coupons, Discount Cards</i>				109,050	109,050
<i>Cart Rentals</i>					135,000
<i>Practice Range</i>					20,000
<i>Concessions</i>					100,000
<i>Pro-Shop Sales</i>					10,000
<i>Miscellaneous (Clubs, lockers, lessons, etc.)</i>					3,500
4850 Daily Entrance - Nontax	3,150	1,050	3,150	3,150	3,150
5004 Sale of City Prop - Nontax	4,100	202	-	-	-
5006 Gain (Loss) on Asset Disposal	-	(3,564)	-	-	-
5010 Misc revenue - Non Tax	25,000	-	25,000	26,250	-
5015 Rental of City Property	8,000	12,000	15,000	15,000	15,000
<i>Clubhouse-Winter Recreation Use</i>				8,500	8,500
<i>Maintenance Shop-F&G Use</i>				3,500	3,500
<i>Lawrence University-XC Meet</i>				3,000	3,000
5016 Lease Revenue	23,016	43,638	41,190	56,457	56,457
<i>Cingular/AT&T</i>				22,770	22,770
<i>T-Mobile</i>				6,477	6,477
<i>Verizon Wireless</i>				12,000	12,000
<i>Stormwater Ponds</i>				15,210	15,210
5021 Capital Contributions	-	223,013	20,000		
5035 Other Reimbursements	80	215,137	-		
Total Revenue	\$ 523,220	\$ 693,027	\$ 572,640	567,577	805,527
Expenses					
6101 Regular Salaries	\$ 93,047	\$ 96,638	\$ 109,718	114,788	143,362
<i>Golf Superintendent</i>				64,272	64,272
<i>Director</i>				5,297	2,649
<i>Parks Planner</i>				4,342	
<i>Account Supervisor</i>				3,641	1,560
<i>Administrative Assistant</i>				1,886	1,886
<i>Administrative Services Coordinator</i>				1,280	1,280
<i>Grounds Technician</i>				34,070	34,070
<i>Recreation Manager</i>					6,960
<i>Clubhouse Manager</i>					30,685
6104 Call Time	80	-	-		
6105 Overtime	289	1,310	500	500.00	500
6108 Part-Time	48,892	39,110	45,630	47,568	100,158
<i>Operations Staff-Laborer I</i>				25,200	25,200
<i>Operations Staff-Laborer II</i>				22,368	22,368
<i>Clubhouse Staff-C.S. Ass. I</i>					25,440
<i>Clubhouse Staff-C.S. Ass. II</i>					27,150
6110 Other Compensation				180	180
6150 Fringes	31,802	25,252	35,182	50,658	73,280
<i>Exempt Staff</i>				29,897	45,496
<i>Non-Exempt Staff</i>				17,022	17,022

	<i>Other</i>				100	100
	<i>Operations Staff-Part-Time</i>				3,639	3,639
	<i>Clubhouse Staff-Part-Time</i>					4,023
	<i>Unemployment Compensation-Club. Man.</i>					3,000
	6201 Training/Conferences	470	548	750	750	1,000
	6301 Office Supplies	172	60	100	100	600
	<i>Maintenance Operations</i>				100	100
	<i>Clubhouse Operations</i>					500
	6303 Memberships & Licenses	490	150	585	585	685
	<i>USGA</i>				110	110
	<i>GCBAA</i>				365	365
	<i>WTGA</i>				110	110
	<i>Clubhouse Managers Association</i>					100
	6306 Building Maint./Janitorial	12,107	4,652	10,000	10,000	10,000
	6307 Food & Provisions	-	-	35	35	50
	6308 Landscape Supplies	27,050	36,819	33,165	34,100	34,100
	6314 Pro Shop/Concession Supplies				-	58,000
	<i>Beverages</i>					25,000
	<i>Food</i>					20,000
	<i>Equipment</i>					5,000
	<i>Pro Shop Merchandise</i>					6,000
	<i>Range Balls</i>					2,000
	6320 Printing & Reproduction	1,135	1,840	1,500	2,000	2,500
	6321 Clothing	-	-	100	-	500
	<i>Clubhouse Staff Clothing</i>					500
	6322 Gas Purchases	19,130	14,616	13,000	16,000	16,000
	6326 Vehicle & Equipment Parts	-	85	-	-	-
	6327 Miscellaneous Equipment	-	4,461	-	6,000	6,000
	6401 Accounting/Audit	2,424	2,641	2,433	2,433	2,433
	6403 Bank Services	152	21	100	100	1,500
	6404 Consulting Services	2,190	8,667	1,650	4,650	4,650
	6407 Collection Services	459	425	483	483	512
	6408 Contractor Fees	16,031	909	19,850	16,000	2,000
	6412 Advertising	3,322	1,334	4,000	5,000	10,000
	6413 Utilities	38,978	37,787	38,514	44,586	44,586
	6415 Tipping Fees	25	-	-	-	-
	6416 Build. Repairs & Maint	90	57	-	-	-
	6418 Equip. Repairs & Maint	6,319	4,832	5,200	5,200	5,200
	6419 Communications Equip. Repair	1,538	-	-	-	-
	6420 Facilities Charges	50,138	30,099	23,304	30,943	30,943
	6424 Software Support	1,000	2,350	2,000	4,400	4,400
	6425 CEA Equip. Rental	66,451	74,687	77,316	79,157	79,157
	6426 Other Interfund Charges	1,167	13,404	3,000	3,000	3,000
	6451 Uniform Services	610	89	650	100	500
	6454 Grounds Repair & Maint	-	193	-	-	-
	6501 Insurance	5,659	3,631	4,150	3,690	4,190
	<i>Golf Course Facilities</i>				3,690	3,690
	<i>Clubhouse Supplies</i>					500
	6503 Rent	485	357	550	550	30,550
	<i>Maintenance Operations</i>				550	550
	<i>Cart Rentals</i>					30,000
	6599 Other Contracts/Obligations	391	349	380	380	380
	6601 Depreciation Expense	79,151	84,170	66,500	66,500	66,500
	6720 Interest Payments	28,658	14,774	14,670	13,920	13,920
	6730 Debt Issuance Costs	-	10,400	-	-	-
	6803 Buildings	-	16,945	35,000	-	-
	6804 Furniture, Fixtures & Equipment	-	29,244	-	-	-
	6899 Other Capital Outlay	-	(54,955)	-	-	-
	7911 Trans Out - General Fund	17,900	17,900	17,900	17,900	17,900
	Total Expense	\$ 557,802	\$ 525,851	\$ 567,915	\$ 582,256	\$ 769,236
	Revenue over Expenses	\$ (34,582)	\$ 167,176	\$ 4,725	\$ (14,679)	\$ 36,291

**CITY OF APPLETON 2014 BUDGET
REID GOLF COURSE
CALCULATION OF RATE INCREASE DOCUMENTATION**

	2013 Budget	2013 Projected	2014 Budget	2015 Projected	2016 Projected	2017 Projected	2018 Projected
Revenues							
Charges for Services	\$ 251,750	\$ 226,750	\$ 469,650	\$ 474,650	\$ 479,650	\$ 484,650	\$ 489,650
Miscellaneous	262,500	252,000	40,000	40,800	41,616	42,448	43,297
Lease Revenue	41,010	41,010	41,190	41,190	41,190	41,190	41,190
Total Revenues	555,260	519,760	550,840	556,640	562,456	568,288	574,137
Expenses							
Operating Expenses	435,262	435,262	433,845	469,691	465,808	477,204	491,384
Depreciation	80,385	80,385	66,500	67,000	68,500	69,000	69,000
Total Expenses	515,647	515,647	500,345	536,691	534,308	546,204	560,384
Operating Income	39,613	4,113	50,495	19,949	28,148	22,084	13,753
Non-Operating Revenues (Expenses)							
Interest Income	2,400	1,500	1,800	1,800	1,000	800	500
Interest Expense	(16,038)	(16,038)	(14,670)	(14,385)	(13,920)	(13,320)	(12,556)
Other	-	202	-	-	-	-	-
Loss on Asset Disposal	-	(3,000)	-	-	-	-	-
Total Non-Operating	(13,638)	(17,336)	(12,870)	(12,585)	(12,920)	(12,520)	(12,056)
Net Income Before Transfers	25,975	(13,223)	37,625	7,364	15,228	9,564	1,697
Contributions and Transfers In (Out)							
Capital Contributions	20,000	255,630	20,000	-	-	-	-
General Fund	(17,900)	(17,900)	(17,900)	(17,900)	(17,900)	(17,900)	(17,900)
Change in Net Assets	28,075	224,507	39,725	(10,536)	(2,672)	(8,336)	(16,203)
Total Net Assets - Beginning	495,614	495,614	720,121	759,846	749,310	746,638	738,302
Total Net Assets - Ending	\$ 523,689	\$ 720,121	\$ 759,846	\$ 749,310	\$ 746,638	\$ 738,302	\$ 722,099

SCHEDULE OF CASH FLOWS

Cash - Beginning of the Year	\$ 157,176	\$ 125,938	\$ 145,419	\$ 116,883	\$ 80,211	\$ 40,875	
+ Change in Net Assets	224,507	39,725	(10,536)	(2,672)	(8,336)	(16,203)	
- Capital Contributions	(255,630)	(20,000)	-	-	-	-	
+ Depreciation	80,385	66,500	67,000	68,500	69,000	69,000	
+ Long Term Debt	-	-	-	-	-	-	
- Fixed Assets	(46,500)	(15,000)	(20,000)	(37,500)	(35,000)	(35,000)	
- Principal Repayment	(34,000)	(51,744)	(65,000)	(65,000)	(65,000)	(65,000)	
Working Cash - End of Year	\$ 125,938	\$ 145,419	\$ 116,883	\$ 80,211	\$ 40,875	\$ (6,328)	
25% Working Capital Reserve (prior year's audited expenses)		\$ 117,300	\$ 116,604	\$ 125,494	\$ 124,407	\$ 127,106	
Coverage Ratio		0.76	1.17	0.82	0.92	0.86	0.76

ASSUMPTIONS:

Rounds of golf played to return in 2014 to 2012 levels and then increasing slightly for estimated increase in rounds, with no price increases projected in 2015-2018 for golf fees and passes.

Operating expenses to increase 2.5% per year after 2014 in addition to larger one time costs as detailed in the five-year Capital Improvements Program.

Strive to maintain a level of 25% working capital reserve and 1.25 coverage ratio.

No additional debt is included in the projections.

**CITY OF APPLETON 2014 BUDGET
REID GOLF COURSE
LONG-TERM DEBT**

2002 General Fund Advance			
Year	Principal	Interest	Total
2014	\$ 21,744	\$ -	\$ 21,744
2015	15,000	-	15,000
2016	15,000	-	15,000
2017	15,000	-	15,000
2018	15,000	-	15,000
2019	15,000	-	15,000
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	60,000	-	60,000
2026	30,000	-	30,000
	<u>\$ 186,744</u>	<u>\$ -</u>	<u>\$ 186,744</u>

2012 Taxable General Obligation Refunding Bonds			
Year	Principal	Interest	Total
2014	\$ 30,000	\$ 14,670	\$ 44,670
2015	60,000	14,385	74,385
2016	60,000	13,920	73,920
2017	60,000	13,320	73,320
2018	60,000	12,556	72,556
2019	60,000	11,625	71,625
2020	70,000	10,432	80,432
2021	75,000	8,625	83,625
2022	80,000	6,300	86,300
2023	75,000	3,975	78,975
2024	75,000	1,725	76,725
2025	20,000	300	20,300
	<u>\$ 725,000</u>	<u>\$ 111,833</u>	<u>\$ 836,833</u>

Total			
Year	Principal	Interest	Total
2014	\$ 51,744	\$ 14,670	\$ 66,414
2015	75,000	14,385	89,385
2016	75,000	13,920	88,920
2017	75,000	13,320	88,320
2018	75,000	12,556	87,556
2019	75,000	11,625	86,625
2020	70,000	10,432	80,432
2021	75,000	8,625	83,625
2022	80,000	6,300	86,300
2023	75,000	3,975	78,975
2024	75,000	1,725	76,725
2025	80,000	300	80,300
2026	30,000	-	30,000
	<u>\$ 911,744</u>	<u>\$ 111,833</u>	<u>\$ 1,023,577</u>

CITY OF APPLETON 2015 BUDGET CAPITAL IMPROVEMENTS PROGRAM PROJECT REQUEST

IDENTIFICATION

Project Title: Reid Golf Course

PROJECT DESCRIPTION

Justification:

A master plan was developed for Reid Golf Course in 1988. The master plan was initiated to address the following concerns: maintenance facilities, clubhouse facilities, parking, safety issues on course (driving range), and course improvements. A new maintenance facility was completed in the early 1990's, the clubhouse was remodeled in the mid-1990's. The master plan was updated in 1995 to address continued parking issues, safety issues on the course and general improvements to the course. The longevity of the irrigation system was noted in the 1995 master planning process and a new irrigation system was installed in 2005. Upgrades to the clubhouse flooring, furniture, pro shop and snack bar were completed in 2012 and 2013. Major course renovations were completed in 2013 in coordination with the construction of two stormwater ponds funded by the Stormwater Utility. This budget includes funding requests to address the following course improvements: to update the master plan to address current and future course needs and requirements. Depending on the outcome of this planning effort, requests for future years may change.

- 2015 - Engineering services for parking lot reconstruction - \$20,000
- 2015 - Sand Storage for Maintenance Shop - \$20,000
- 2015 - Card Access System for Maintenance Shop - \$10,000
- 2016 - Parking lot reconstruction - \$190,000
- 2016 - Restroom upgrades - \$20,000
- 2017 - Paved cart paths - \$25,000
- 2017 - Course master planning - \$15,000
- 2017 - Concession equipment upgrades - \$12,500
- 2018 - Paved cart paths - \$35,000
- 2018 - Exterior Signage - \$10,000
- 2018 - Course updates (bunker repairs, drainage, etc.) - 12,500
- 2019 - Concession equipment upgrades - \$10,000

** Note: Some of these items do not meet the capital asset threshold but are included in order to plan for these larger one time costs for the golf course.

Discussion of operating cost impact:

The improvements would not have a significant impact on operational costs.

DEPARTMENT COST SUMMARY

DEPARTMENT PHASE		2015	2016	2017	2018	2019	Total
PRFMD	Paved Paths	-	-	25,000	35,000	-	\$ 60,000
	Parking Lot	20,000	190,000	-	-	-	\$ 210,000
	Master Planning**	-	-	15,000	-	-	\$ 15,000
	Bathroom Upgrades**	-	20,000	-	-	-	\$ 20,000
	Course Renovations**	-	-	-	12,500	-	\$ 12,500
	Sand Storage	20,000	-	-	-	-	\$ 20,000
	Card Access System	10,000	-	-	-	-	\$ 10,000
	Concession Equip. Repl.	-	-	12,500	-	10,000	\$ 22,500
	Exterior Sign**	-	-	-	10,000	-	\$ 10,000
Total - Reid Municipal Golf Course Capital Projects		\$ 50,000	\$ 210,000	\$ 52,500	\$ 57,500	\$ 10,000	\$ 380,000

COST ANALYSIS

Estimated Cash Flows						
Components	2015	2016	2017	2018	2019	Total
Planning	20,000	-	-	-	-	\$ 20,000
Land Acquisition	-	-	-	-	-	\$ -
Construction	30,000	210,000	52,500	57,500	10,000	\$ 360,000
Other	-	-	-	-	-	\$ -
Total	\$ 50,000	\$ 210,000	\$ 52,500	\$ 57,500	\$ 10,000	\$ 380,000
Operating Cost Impact	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 1,250