Golf Madison Parks 2013

A Financially, Environmentally and Socially Sustainable Enterprise

Staff Report and Presentation to the Common Council

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Introduction

This staff report outlines the current operations of the City's four municipal golf courses and the rationale for proposing to not renew the four contracts for clubhouse operations at the municipally owned golf courses. This report provides information on the current operations and budget of the Golf Enterprise, as well as a financial and budgetary overview of the Golf Enterprise Fund. The report provides information related to the process used to determine staff's recommendation on moving forward and offers details for the clubhouse operation plan for 2013.

Staff will provide this report and also make presentations to the Golf Subcommittee (11/1/12) and the Board of Parks Commissioners (11/7/12). The Common Council will have a budget amendment presented at the November budget hearings. The Common Council is ultimately responsible for determining the allocation of City resources, authorizing positions/personnel, and authorizing contracts. The Golf Enterprise has over the past ten years drawn on general fund resources, and with significant expenditure reductions been able to reduce this reliance significantly. A primary goal of the proposal to internalize the clubhouse operations is to ensure that the Enterprise Fund does not need to draw on general fund resources in the future.

The goal for internalizing clubhouse operations is to ensure that the Golf program is financially, environmentally, and socially sustainable. By internalizing the clubhouse operations the revenue available to the Enterprise Fund will increase by greater than 50% to $3.1M. Expenses will increase as well, but by being efficient and using economies of scale, staff estimates an additional budgeted surplus of $260,000 annually from this transition. This amount of annual surplus can be efficiently and effectively managed to provide financial stability to the Golf Enterprise Fund. This surplus will provide resources that will be used to reinvest in the aging clubhouses, courses and equipment assets. Financial sustainability will also allow for the Golf Enterprise to focus on improving its environmental and social sustainability.

City of Madison Golf Courses

The City of Madison owns and maintains the Glenway, Monona, Odana Hills and Yahara Hills Golf Courses. The four courses offer a combined 72 high-quality holes for residents and visitors. The mission of the Golf Enterprise is to provide the Madison area golfing public with the finest possible golfing conditions and reasonable prices for all levels of play. The courses are managed by the Parks Division, but as a separate budgetary agency which establishes the Golf Enterprise.

The current structure of the Golf Enterprise is that all maintenance of the golf courses is provided by the City of Madison Parks Division and the clubhouse operations are provided by four separate service contracts with external vendors. The maintenance responsibility includes the courses, parking lots, utilities and buildings. The City owns and is responsible for all capital investments in the infrastructure of the clubhouses, parking lots, maintenance equipment and the golf courses. No sizable capital reinvestments have been made since 2000. This portion of the operation is currently supported by greens fee revenue (which is exclusively the City's revenue).

The clubhouse operations contracts cover concessions, pro shop, golf lessons, cart rental and general golf point of sale responsibilities. With the exception of greens fees above (and a commission/lease payment arrangement that is a net negative to the City), all revenues from the clubhouse operation are currently the rights of the contractor. The clubhouse operations contracts are for five-year terms and have not been competitively bid in the past. These contracts are currently with four Professional Golfers' Association (PGA) Class A professionals: William Scheer at Glenway; Mark Rechlicz d/b/a Mark Reichlicz Enterprises, Inc. at Yahara Hills; Rob Muranyi d/b/a RJM Pro Golf at Monona; and Thomas Benson at Odana Hills (collectively the pros or contractors).

As an enterprise fund, the Golf Enterprise is structured to be fully self-sufficient over the long term, with no reliance on the general fund and/or property tax levy. This is a challenge in the very competitive Madison area golf market. Over the past 25 years approximately 180 new holes of golf have been added in Dane County. In addition to the new choices available to golfers in the area, overall rounds played have decreased over this time period as well. The challenge to create a sustainable Golf Enterprise is significant, but it is not insurmountable. This report lays out a framework to ensure sustainability for Madison's municipal Golf Enterprise well into the future.

Making the Enterprise Sustainable

The Golf Enterprise Fund is not healthy and has not been for quite some time. Beginning with the last major infrastructure improvement in 2000, the fund's financial condition and position worsened until austerity measures were implemented in 2009. Six of the past eight years have seen the Enterprise post an annual operating loss. Since January 2005, the fund has ended the majority of months in a negative cash position. This lack of financial stability has meant deferred maintenance and no significant capital reinvestment into the Enterprise's assets. The fund has effectively no borrowing capacity available to address capital needs over the coming decade. Failing to reinvest in these assets (via reserves or borrowing) has and will continue to degrade the overall quality and value of the golf courses. This leads to a lack of competitiveness in the marketplace and decreased usage. These declines lead to lowered revenue generation capacity. Currently, the only revenue generating tool that benefits the Enterprise Fund is increasing greens fees. Staff feels strongly that moving greens fees higher to attempt to attain financial stability is not practicable or sustainable. To achieve financial stability and sustainability, the Golf Enterprise must continue to evaluate all program revenue opportunities, control expenses and make prudent capital investments in the fund's assets.

Failing to achieve financial stability using Enterprise revenue streams means either a continued lack of reinvestment or relying on the general fund tax levy to support the operations or infrastructure investment of the Golf Enterprise. Relying on the tax levy for support of the Golf Enterprise is not considered in this report, as given the current constraints on the City's general fund tax levy, staff does not feel this is a viable option.

Making the Golf Enterprise financially sustainable will improve the overall sustainability of the Golf Enterprise. With financial stability, staff will actively work on capital and operational improvements that benefit the environment. There are multiple opportunities to make financially prudent improvements to equipment and infrastructure that would have marked environmental benefits. New equipment is significantly more efficient, with lowered fuel consumption and carbon emissions than the aging equipment currently in use. Facility improvements would lower electricity and natural gas consumption at the aging golf clubhouses. Intelligent irrigation systems would allow for lower water use on the courses. The ability to have the financial resources to make these environmentally and financially conscious choices would make the Golf Enterprise more sustainable.

Making the Golf Enterprise financially sustainable will also improve the ability of the Golf Enterprise to become more socially sustainable. The Golf Enterprise will focus on enhancing opportunities for youth through the First Tee program. The First Tee program is part of a nationwide initiative that impacts the lives of young people by providing educational programs that build character, instill values and promote healthy choices through the game of golf. In conjunction with the Madison Parks Foundation, Madison Parks will work to ensure as many scholarships are available for disadvantaged youth as possible. Enhanced youth programming will be modeled on the significant success of the scholarship, lessons and swim team programs operated by Madison Parks at the Goodman Pool. Enhancing youth programming will help the Golf Enterprise in the future, as some youth will become lifelong customers. Youth programs will improve the community, as these programs provide a positive impact on the lives of many young people. Additionally, the staffing model for 2013 includes internalizing approximately 30,000 hours of labor. All City staff will be paid a Living Wage pursuant to Madison General Ordinances (4.20). The vast majority of hours and wages will be to employees who will be covered by the AFSCME Local 60 collective bargaining agreement.

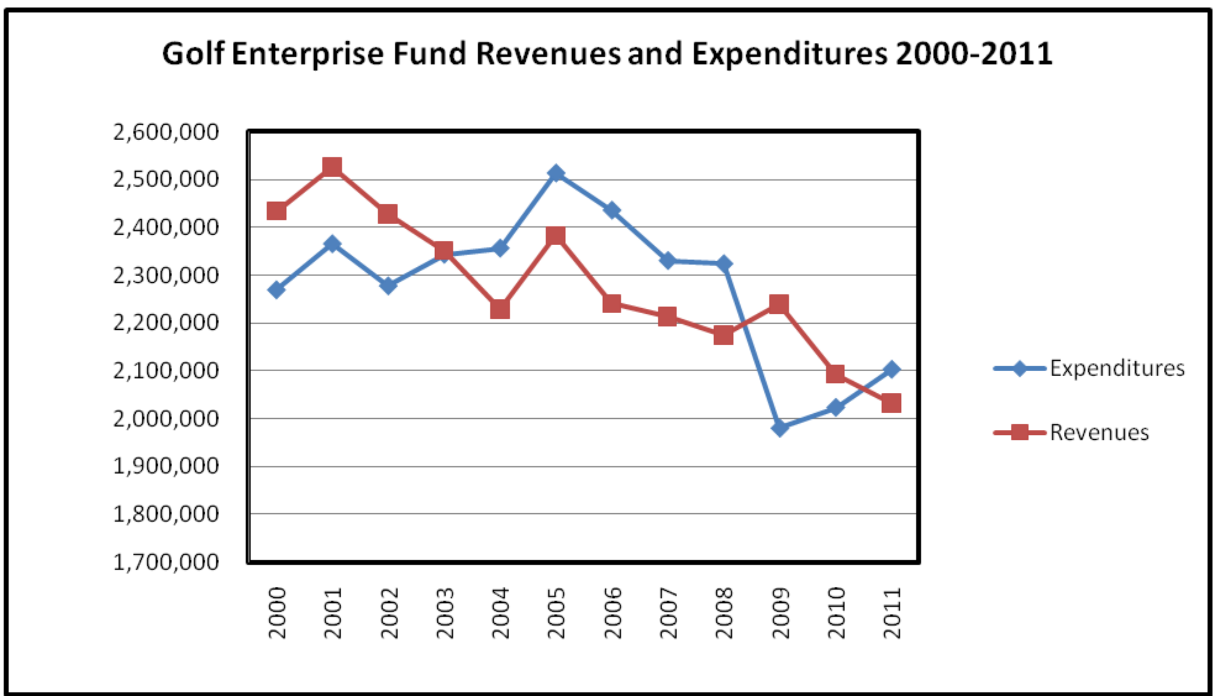
The City of Madison Golf Enterprise Fund: Budget and Financial Review

The Golf Enterprise operates using a separate enterprise fund (EG01) within the City's accounting structure. This fund is managed in collaboration with the Parks Division and the Finance Department. All disbursements and deposits originate in the Parks Division and are finalized by the Finance Department. The fund is subject to the annual external audit performed by Baker Tilly in preparing the City of Madison's Audited Financial Statements. The goal of an enterprise fund is to be completely self-sufficient, with no reliance on the property tax levy. This can only be achieved if enterprise revenues exceed enterprise expenses over the long term. Expenses include not only the annual operations, but also should include capital investments in the assets of the fund. The Golf Enterprise Budget is adopted annually by the Common Council as a part of the overall City Operating Budget.

This financial review focuses on two primary financial metrics: annual expense to revenue comparisons and available cash at the end of each month. These two financial metrics, taken together, offer a snapshot of the change in the financial position and condition of the fund since 2000. This review does not focus significant attention on individual expenses, transfers, or revenues: though these were reviewed in preparing the report. The only instance of a direct appropriation between 2000 and 2012 from the Golf Enterprise was a $100,000, one time transfer of resources from the Golf Enterprise to the Parks Division's general Operating Budget in 2004. This was authorized by the 2004 Adopted Budget and was highlighted in both the Golf Enterprise and Parks General Fund budgets. Staff is unclear as to the exact purpose of the transfer, but it was clearly authorized by the Common Council and also in the broad sense has little to no impact on the overall fund condition and position of the Golf Enterprise.

As the graph below indicates, the Golf Enterprise Fund recognized revenues in excess of expenditures during the years of 2000-2003 and again in 2009 and 2010. During the five year period of 2004-2008 and again in 2011 expenditures exceeded revenues in the fund. Staff estimates that 2012 will have revenues in excess of expenses. This experience demonstrates that as an enterprise fund, the results in any given year will vary. The only marked change in the trend lines over this period was the significant decrease in expenses from 2008 to 2009.

At the end of 2008, the fund was in a significant negative cash position with limited options to address this deficiency through revenue increases. Parks management eliminated three full time positions from the Golf Enterprise budget, which was adopted by the Common Council. Superintendent Briski and Golf Program Supervisor Ray Shane worked with AFSCME Local 60 to ensure transfers for the three impacted employees to vacancies within the Parks Division to avoid layoffs. This reduction in 3.0 FTE in the golf maintenance operation was a 30% reduction in full time staff. Staff also worked to improve efficiency in staffing of seasonal hours. Additionally, staff focused on reducing expenditures in the areas of supplies and capital assets. This austerity package in conjunction with an aggressive marketing campaign allowed the fund to see revenues exceed expenditures in 2009 for the first time in six years. With a retirement of a greenskeeper in 2011, another vacancy was created that has not been filled due to financial constraints on the maintenance operation. These reductions helped to stabilize the fund from continued failure, but have had negative impacts on the maintenance at the golf courses. Fortunately, the Golf maintenance staff is well qualified and trained and has been able to maintain the course standards. Expecting additional reductions in expenses in the maintenance area is unrealistic, given cost pressures, which are discussed further below.

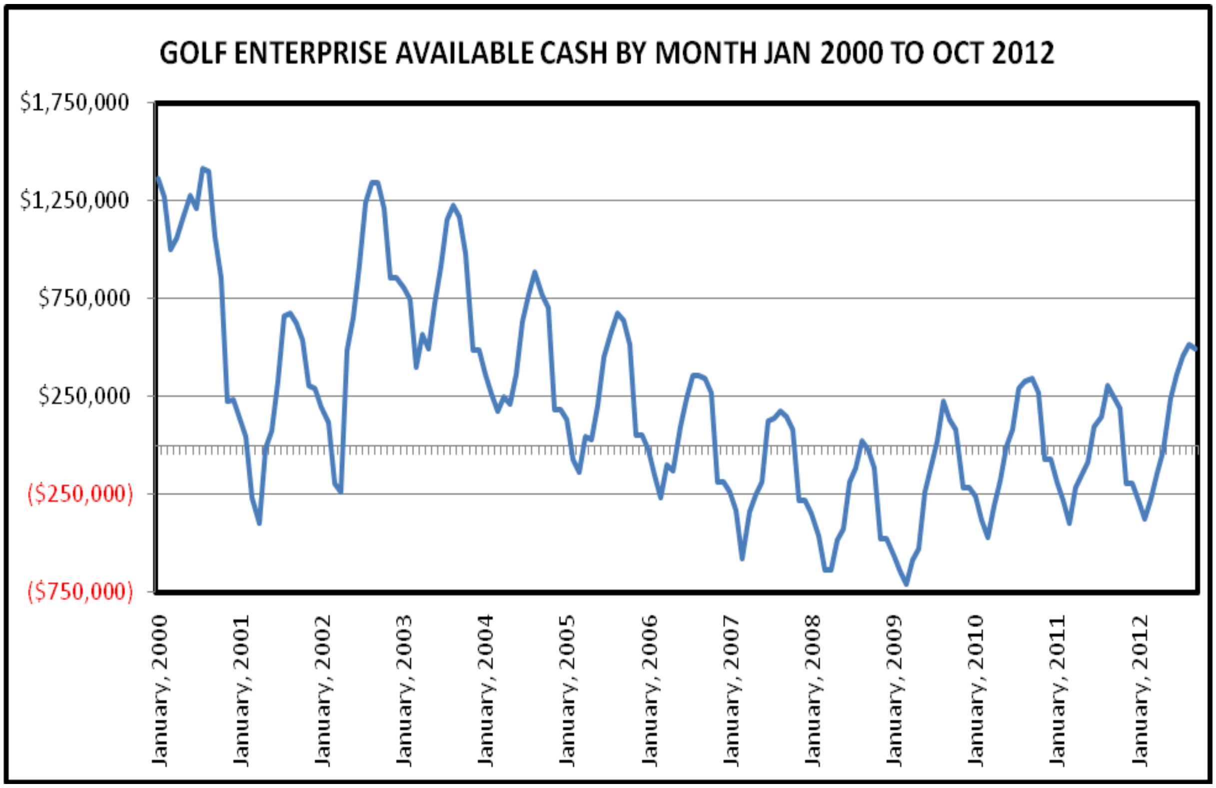


The Enterprise Fund began the year 2000 with approximately $1,600,000 in available cash. The outstanding principal on debt was approximately $870,000 (not including the debt related to the pension liability financing). For the majority of the year, the fund held a cash position of approximately $1.25M. However, in the fall of 2000, a major improvement to substantially improve the Yahara irrigation system was completed. This improvement had a total cost of $1.15M. As the graph below indicates, the cash reserves plummeted at the end of 2000, eventually spending the months of February, March and April 2001 in a negative cash position. The fund generated cash during the 2001 golf season, but after revenue stopped coming in during the fall, the fund again fell into a negative cash position in March and April, 2002. The significant spike in cash in May 2002 is due to a cash infusion of $530,000 from the Special Assessments Revolving Fund. This was a short term loan and appears to have been made to act as a line of credit for the Enterprise Fund. This $530,000 was repaid, with interest, over a five year period ending in 2006. Without the cash infusion in 2002, available cash within the fund would end 2006 in approximately the same place, but the decline would be less marked over the five year period 2002-2006. This indicates that the most influential factor in the lack of resources within the fund began with the capital improvements at Yahara in 2000, and not just a slow degradation of available resources.

From an available cash perspective, the fund was in its worst position between December 2006 and June 2009. Over this 33 month period, the fund ended the month negative in all but 6 months, with an average negative balance of greater than $260,000. The fund only had positive cash at month end once during the entire year of 2008 ($26,500 available in September).

The trend lines for cash changed directionality in 2009, with the implementation of the austerity measures outlined above. By dramatically reducing expenditures, the fund stabilized and pointed itself in the right direction. Despite eliminating 30% of the permanent staff in the maintenance section and not filling one of the remaining six positions since a retirement at the end of 2011, the cash position has only improved marginally. This shows that despite significant expenditure reductions, the fund has not been able to generate anything in the realm of a viable reserve for future capital reinvestment.

The spike in 2012 cash is related to two onetime revenues (Monona Dr. Easement and ATC at Odana), and cannot be relied upon into the future. Even with the significant change in the trend line after 2008, there is little certainty that the fund will generate a stable and sizable cash reserve in the next five years. Failing to do so eliminates the possibility of issuing revenue bonds for capital investment. The only other option for reinvestment in the courses and clubhouses would be via G.O. Debt. Given the fund's performance over the past ten years, issuing ten year G.O. Debt is not advisable. Doing so would expose the general fund to the liability since all G.O. Debt is ultimately backed by the City's taxing authority. Despite the reversal of a long term trend, the status quo will not generate meaningful cash reserves in the next five years.



The Golf Enterprise Budget includes funding for the maintenance of the golf courses and facilities. The only direct budgetary items in relationship to the pro contracts in the Adopted Budget are the professional lease payments (aka retainers) to the pros and the commission payments received from the pros. In 2011, commission payments received from the pros totaled $102,593, while the lease payments totaled $139,500. This led to a net cash transfer of $36,907 from the City to the pros. This portion of the report does not focus on expenses and revenues from the clubhouse operations, but only on those related to the operation and maintenance of the courses and facilities.

The Adopted 2012 Golf Enterprise Operating Budget is a no bottom line levy budget. The Budget includes revenues totaling $2.25M, comprised almost exclusively of Greens Fees revenue (leagues, annual passes, and regular greens fees). The expenditures authorized in the budget include approximately $920,000 in wages and benefits related to staffing for the maintenance of all the courses. The Adopted Budget includes $438,000 in expenditure authorization for purchased services. The largest item in this area is the contractual payments to the pros totaling $139,500. Other large service expenses include: $99,200 in electricity and natural gas; $90,000 in water; $24,000 in telephone and internet charges; and $27,500 in credit card fees. The supply budget for 2012 is $221,350 and is mostly for turf management supplies ($142,000), equipment supplies ($41,000), and building maintenance supplies ($9,500). The Budget also includes funding for some replacement of equipment ($80,000) as well as a payment to Fleet Service for Golf vehicles, equipment, repairs and fuel ($165,000). Additionally, the Adopted Budget includes a Payment in Lieu of Taxes in the amount of $165,000.

The major cost pressures on the maintenance operation are health insurance premiums and continued increases in utility rates, as well as increases in both the quantity and cost of equipment and turf supplies. The internalizing of clubhouse operations does nothing to help on health insurance costs, but it could greatly impact the ability to address utility use and to improve/upgrade equipment and the courses to require less supply costs. The revenues of the Enterprise are also under pressure. Greens fees and rounds have stabilized after a falling for a period of time. However, the price point on greens fees is difficult to adjust to garner more revenue, due to the competitive marketplace. This leads to revenue stabilizing, but with no significant growth over the past few years.

The past performance of the Enterprise has been bleak. The deferred maintenance and reinvestment is sizable. The revenue currently available to the City is not growing and the price cannot be safely raised without the risk of significant substitution by users. Despite the fact that management has successfully inverted the trend line in both operating income and cash available, the fact is that the fund is not sustainable in its current form going into the future.

The Process for Making the Enterprise Fund Sustainable

The clubhouse operations have been contracted out to the four pros over the past twelve years. Prior to that time three contracts were used to provide for clubhouse operations (Glenway and Monona were under one contract). Staff has no records of these contracts being competitively bid over at least the past twenty years. The most recent contracts were for the five year period covering 2008 through 2012. In 2012, staff determined an evaluation of these contracts was warranted, as an important part of ensuring future sustainability of the Golf Enterprise. Over the 2008 to 2012 time period, staff reviewed nearly every facet of the golf operation in an attempt to stabilize and improve the fund. As the contracts were set to expire, staff embarked on a mission to achieve the best results for both current and future golf players, as well as City taxpayers. A review of other municipally owned golf courses found little evidence of the current system being used. Similar systems had been in place in the past, but most municipalities have either brought the majority of the operation in house or taken the entire operation (including maintenance) to bid for an overall contract.

In recognizing the long standing relationship with the current pros, the process was to first provide an opportunity for the current pros to submit proposals. Staff provided guidance to the pros as to the current financial condition of the Enterprise and the need to see improvements in financial performance of the Fund to ensure long term sustainability. The process was communicated to each of current contracted pros, with the requests for proposals being made on August 1, 2012. It was communicated that after submissions were received and reviewed by a staff team, they could be accepted, rejected or negotiated further. If rejected, the City would have the option to either conduct an open and competitive bidding process or internalize the clubhouse operations. At the pros request, September 14th was selected as the due date for submissions. Golf Program supervisor Ray Shane met with each pro during those 6 weeks as often as asked to provide the City's financial records and answer questions.

At the September 18, 2012 Golf Subcommittee informational meeting, staff presented the process to committee members and informed them that submissions from the pros had been received. This was an informational item because the Golf Subcommittee has not participated in Golf Professional contract negotiations in the past. Superintendent Briski indicated that he was willing to meet with individual subcommittee members interested in the process. Two subcommittee members have met with Superintendent Briski to discuss the decision and the impacts on the Golf Enterprise program.

A staff team consisting of Eric Knepp, Ray Shane, Charlie Romines and Katie Crawley reviewed the proposals from the pros, as well as a financial plan to internalize operations. The staff team reviewed each pro's proposal(s) to evaluate the income/expense impact on the Enterprise Fund.

On October 12, 2012, Parks staff met individually with the pros to inform them that the City intends to internalize clubhouse operations and no contracts would be issued for clubhouse operations. This meeting was conducted at this time to provide the pros with as much notice as possible after the course of action was determined.

2013 Clubhouse Operations Plan

The model for internalized clubhouse operations for 2013 will require several changes to achieve the City's desired program goals. Current Golf Program Supervisor Ray Shane, a PGA member and City employee responsible for City Golf Operations for 23 years, will become more involved in clubhouse operations. Shane will oversee lease agreements for equipment (most notably the golf cart fleet), purchase agreements and manage vendor relations for food and beverage. Staff expects savings resulting from the cultivation of new and existing partnerships as well as from the economies of scale offered by purchasing for all four courses simultaneously. Shane will set processes for cash handling, inventory controls of food and beverage as well as supplies and any other soft goods. Shane will participate in hiring and training Golf Pro staff and assure customer experiences meet expectations.

New to the City will be a management level professional with a proposed title of Clubhouse Operations Supervisor. This position will require a PGA Class A certification as well as demonstrated successful experience operating in the golf business. This position will hire Assistant Professionals affiliated with the PGA and together they will provide lessons, junior programs and run the daily clubhouse operations. This will include scheduling and training staff in the areas of customer relations, food and beverage service, point of sale transactions, cart and driving range responsibilities as well as janitorial and custodial duties. This staff will implement, track, and assure adherence to the policies and processes the Golf Program Supervisor puts in place in all areas related to the operation of the clubhouses. The PGA Class A Pro position and PGA affiliated staff will be involved in assuring all leagues, outings and tournaments run smoothly and their needs for tee times and course set up are met. Additionally, the Clubhouse Operations Supervisor will be charged with enhancing the City's league, outing, First Tee program, junior programming and tournament businesses.

The Assistant professional positions would have day to day operational oversight of each facility, including assistance with lessons and junior programs. These positions would be responsible for ensuring quality customer service is provided in the areas of food and beverage service, clubhouse cleanliness, and point of sale transactions including golf course rounds, passes, lessons, and merchandise purchases. The Assistant's would also oversee, train and schedule the Golf Course Attendant staff. The Attendant positions would be responsible for point of sale transactions for food and beverage, rounds of golf, passes, rentals, and merchandise. These positions would be responsible for basic janitorial duties, assuring the cart fleet is clean and orderly, driving range is picked and in general, providing excellent front line customer service. These positions would provide, as appropriate (w/ a PGA affiliation), Junior Program and lessons assistance.

The City's food and beverage service will continue to offer beer, malted and fermented beverages in 2013. Staff serving alcohol will be fully trained on how to do so safely and responsibly. For any groups requesting liquor or spirits, arrangements will be made with external vendors following the City's successful model currently in place at both Olbrich Gardens and the Warner Park Community Recreation Center.

By internalizing the operation and streamlining the management structure, the Golf Enterprise will be able to be more flexible and efficient in marketing efforts. The current structure that creates clear separation of revenue streams makes offering package deals difficult. Having all revenue owned and controlled by the Enterprise will allow for more flexibility in rates to generate incremental revenue. This is especially important in being able to make adjustments quickly based upon current market conditions.

2013 Proposed Budget

The budgetary changes needed to effectuate the operating plan include creating the Clubhouse Operations Supervisor position; increasing expenditure authorization for wages and benefits for all labor costs; modifying expenditure authorization for services and supplies; and increasing budgeted revenues. The anticipated net income (revenue less expense) would be budgeted as reserves generated to the Enterprise Fund, for a no net levy impact. The anticipated budget amendment is appended to the end of this report. It anticipates a positive net impact of $260,000. This would create an ongoing budgetary net income expectation equivalent to the single best year of performance over the past 12 from using greens fee revenue alone.

The budget amendment deletes the $139,500 in payments currently made to the golf pros under the existing contracts. Correspondingly, the amendment shows the revenue reduction in commissions of $102,500. This alone has a positive net impact of $37,000 to the Enterprise Fund. These budgetary changes are based on 2011 actual data.

The budget amendment also provides for the staffing plan outlined above. The staffing plan creates a permanent 1.0 FTE Clubhouse Operations Supervisor; adds7,500 hours of Assistant Professional labor; and adds 22,500 hours of Golf Course Attendant labor. The salary for the permanent position is estimated at $51,500 annually (plus full City benefits). The estimated 7,800 hours of Assistant Professional staff would be seasonal positions generally assigned to a specific course and would be PGA affiliated. These positions would be represented by AFSCME Local 60. The estimated compensation level for these employees is between $14.31 - $15.77 per hour (plus benefits). The estimated 22,460 hours of Golf Course Attendant staff would be seasonal positions represented by AFSCME Local 60. The estimated compensation level for these employees is $12.09 per hour (plus benefits). Overall, the salaries and benefits budget for 2013 would be approximately $499,000.

The amendment also includes funding for other direct expenses related to the internalizing of the clubhouse operations. One major expense item is motorized carts. The plan is to have the City enter into a lease that includes a maintenance agreement for all motorized carts. The estimated cost of leasing 125 carts (i.e. the number currently available) is $100,000. In addition to the lease cost, the estimated fuel cost for the year is $24,000. The amendment also includes expenditure authorization for concession supplies and resalable merchandise for the pro shop. The total estimated cost of these items is $237,500. The budget amendment also includes a recognition of other supply costs (e.g. janitorial and lesson supplies) at a total cost of $19,500.

The budget amendment includes increased revenue of $1M based upon average actual performance data from the City's point of sale system over the past five years. A notable exception to using the average data for estimation is in regard to merchandise sales. The estimated revenue for merchandise sales is conservative at $160,000 per year instead of using the average of $240,000 shown by the pros over the past five years. Additionally, lesson revenue is a staff estimate as well, as no empirical data is available on past performance in this area. This should have limited fiscal impact, however, as the target for all youth programming and lessons is to solely cover direct costs.

If adopted, this budget amendment would establish a 2013 Operating Budget for the Golf Enterprise that includes $3.262M in revenue and $2.874M in expenses. This leaves a $387,600 reserves generated amount, which more than triples the budgeted reserves generated from the $113,100 anticipated in the 2013 Executive Operating Budget. The $387,600 in budgeted reserves generated equates to 13.5% of the budgeted expenditures for 2013. This is an amount that is large enough that, even in tough years, should ensure that the Enterprise fund improves its financial sustainability and can begin actively planning to reinvest in the courses, clubhouses and equipment.

A Sustainable Future for the Golf Enterprise

Madison Parks is committed to continuing to provide 72 holes of premiere municipal golf course opportunities to citizens and visitors. The goal for internalizing clubhouse operations is to ensure that the Golf program is financially, environmentally, and socially sustainable. Staff is confident that the operational plan provides a roadmap to a sustainable enterprise that does not rely on the property tax levy. The Enterprise will be more financially sustainable by forecasting future needs of the course and providing a plan that will make resources available to make these investments without dramatic changes in fees. The Enterprise will be more environmentally sustainable as it invests in equipment with lower fuel consumption and carbon emissions; and invests is technology to conserve water. The Enterprise will be more socially sustainable through paying a living wage to everyone working at the golf courses and by enhancing youth programming to improve the future of the game of golf and the City of Madison.

ANTICIPATED 2013 OPERATING BUDGET AMENDMENT

2013 GOLF CLUBHOUSE OPERATIONS BUDGET

EXPENDITURE	AMOUNT	DESCRIPTION
Permanent Salaries	$ 51,500.00	1.0 FTE Clubhouse Operations Supervisor (PGA Class A).
Hourly Wages	$ 385,000.00	30,000 Hours of Labor (Asst Pro to Attendant).
Benefits	$ 62,500.00	Benefits associated with salaries and wages.
Total Wages and Benefits	$ 499,000.00	

PURCHASED SERVICES	AMOUNT	DESCRIPTION
Golf Cart Lease	$ 100,000.00	Provide funding for power carts at current levels.
Eliminate Operating Payment	$ (139,500.00)	Eliminate City cash support to pro contractors.
Total Purchased Services	**$ (39,500.00)**	

SUPPLIES	AMOUNT	DESCRIPTION
Golf Cart Fuel	$ 24,000.00	Fuel for carts.
Resalable Merchandise	$ 110,000.00	Pro Shop Supplies.
Concession Supplies	$ 127,500.00	Concession (F/B) supplies.
Janitorial Supplies	$ 4,000.00	Janitorial Supplies.
Office, Lesson, Misc Supplies	$ 15,500.00	Other Supplies.
Total Supplies	**$ 281,000.00**	

Total Expenses	**$ 740,500.00**	

REVENUES	AMOUNT	DESCRIPTION
Decrease Commissions	$ (102,500.00)	recognize the decrease in concession/rental commissions
Concessions	$ 425,000.00	Recognize Concession Revenue
Rentals	$ 483,000.00	Power Carts, Pull Carts, Clubs
Merchandise	$ 160,000.00	Pro Shop Sales
Lessons / Programs	$ 35,000.00	Lessons and programs
Total Revenue	**$ 1,000,500.00**	

REVENUE LESS EXPENSES	**$ 260,000.00**	**Reserves Generated**