

**CITY OF SARASOTA, FLORIDA
BOBBY JONES GOLF CLUB**

	Actual 2005-06	Budget 2006-07	Amended Budget 2006-07	Estimated 2006-07	Budget 2007-08
Available Fund Balance	\$ 740,198	\$ 571,185	\$ 1,301,085	\$ 1,301,085	\$ 1,092,684
<u>Revenues</u>					
Green fees	1,402,279	1,285,000	1,285,000	1,450,000	1,545,000
Cart rental	1,219,572	1,150,000	1,150,000	1,185,000	1,230,000
Annual green fees	260,674	225,000	225,000	223,000	190,000
Restaurant lease	9,000	9,000	9,000	9,000	9,000
Pro shop	160,382	170,000	170,000	170,000	175,000
Range Fees	35,267	32,000	32,000	35,000	36,500
Utilities	27,021	27,500	27,500	27,000	29,500
Equipment rental	17,176	16,000	16,000	17,000	17,000
Other fees	5,830	5,250	5,250	5,250	5,250
Investment Income	50,446	27,500	27,500	82,200	97,932
Cell tower lease	29,712	29,712	29,712	33,800	33,800
Miscellaneous revenue	10,477	12,252	12,252	6,350	6,350
Total Revenue	3,227,836	2,989,214	2,989,214	3,243,600	3,375,332
Estimated Funds Available	3,968,034	3,560,399	4,290,299	4,544,685	4,468,016
<u>Expenditures</u>					
Personnel	614,107	678,699	678,699	678,699	743,087
Operating	1,850,235	1,948,755	1,951,927	1,951,927	2,048,745
Merchandise for resale	119,685	130,000	130,000	130,000	135,000
Capital	82,922	210,000	691,377	691,375	425,000
Total Expenditures	2,666,949	2,967,454	3,452,003	3,452,001	3,351,832
Projected Ending Balance	\$ 1,301,085	\$ 592,945	\$ 838,296	\$ 1,092,684	\$ 1,116,184

BOBBY JONES GOLF CLUB

Mission Statement

To provide an enjoyable golfing experience on well-maintained courses in a price range that is affordable to all residents and visitors of the City of Sarasota and is a financially self sustaining enterprise account operation.

Description of Operations

Despite the ever-increasing development and construction of new golf courses in Sarasota County, the 45-hole Bobby Jones Golf Club remains the only municipal and totally public golf facility in greater Sarasota. This 324 acre green space is located entirely within the Sarasota city limits.

Several major improvements and upgrades were implemented during Fiscal Year 2006/07, not only for the overall appearance of the facility, but also to improve the playability of the courses and sustain the financial health of the operation.

The Capital Improvement Program (CIP) partially completed during FY 06/07 included the replacement of forty (40) golf carts; replacement of twenty (20) on-course benches; renovation of twelve (12) water cooler stations; construction of a pro shop merchandise storeroom in place of the men's locker room; on-course restroom improvements on American #8 and British #8 and #14; cart path renovations on holes #2, #5, #6, #8 and #9 of the British Course and holes #2, #6, #7 and #8 of the American Course.

The most visible improvements completed during FY 2006-07 focused on such aesthetic features as new bunker sand in American Course fairways #6, #7, #15 and #17; new walking bridges on #1 and #9 of the British Course; new cart path curbing and sodding of all gold and red tee stations on the American and British Courses; new ornamental plantings and curbing around #18 British Course; and new rail fencing and ornamental jasmine behind both #9 American and #9 British Courses.

The most significant improvement to impact the golf operation has been the launching of a new golf club website, BobbyJonesGolfClub.com, in mid-December 2006. During the first four months online, the website has attracted visitors from 32 countries as well as from all regions of the United States. The department has secured over 2,000 e-mail addresses for the purpose of marketing. This new web site provides information on club history, directions, rates and course descriptions and has the capability of registering advanced play reservations, a feature that may prove to have the most significant impact on future revenue growth.

Administratively, modest rate changes that were implemented during the 2006 winter season, specifically green fee increases for an 18-hole round played before 1:00 p.m., for an 18-hole round played after 1:00 p.m. and for a nine-hole round played anytime, continued during February and March, 2007. The rate increases generated no negative feedback nor was there a decrease in play volume. The policy change mandated by the City Administration in 03/04 ending the practice of allowing new golfer participation in the Annual Fee Holder program was continued in FY 06/07. In prior years, the maximum number of Annual Fee Holders was capped at 350 players and golfers enrolled on a waiting list would fill any vacancies in the program that existed by November 1st of each year. The new policy allows any golfer to maintain Annual Fee Holder status indefinitely, but if a golfer's decision is not to renew annually, a new golfer will not fill the open slot nor will the golfer who chose not to renew be allowed to re-enter the Annual Fee Holder program. After the third year of this policy, the total number of Annual Fee Holders declined by 170 to the current level of 180.

Financially, Bobby Jones Golf Club continues to recover from the depressed activity in the aftermath of 9/11/01. For the first half of FY 06/07, there was a positive cash flow of \$848,573 that included a \$125,000 contribution to the capital improvement fund. This compares to a positive cash flow of \$848,420 for the same period of FY 05/06 that included a \$75,000 contribution to the capital improvement fund. The bulk of this increase was \$66,397 in daily green fees garnered from riding golfers on the American and British Courses filling the morning tee times in place of AFH players who opted for walking play in the morning hours on the Executive Course. Pro Shop sales were up for the first half of FY 06/07 with an increase of \$5,096 above sales for the same period for fiscal 05/06. Total revenues for the first six months of this fiscal year were \$258,747 above budget projections and \$100,207 above revenues for the same period of FY 05/06. Actual expenses for the first half of FY 06/07 totaled \$1,406,516 compared to the budgeted amount of \$1,504,613, a favorable variance of \$44,097 which included a \$50,000 increase to the capital improvement fund provision.

Total rounds played on all three courses for the first six months of 06/07 decreased by 2,692 over FY 05/06, a reduction of 3.2%. Total rounds played on the Executive Course were down 521 or 3.1% rounds compared to the first half of 05/06. Total cart rounds were down 171, a reduction of .03%. The months of February and March are traditionally the strongest

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revenue producing months in the fiscal cycle. Unlike the exceptionally dry February and March of 2006, inclement weather caused the club to lose play on two half-days and two full-days during February 2007. This resulted in a decrease of 4.0% in rounds played; 34,225 in February and March 2007 compared to 35,669 in February and March 2006. With average daily revenues of \$20,000, it only takes one bad weather system to stall over the area for a few days to significantly impact monthly revenue production. As stated in previous budget narratives, greens fee activity has a direct bearing on all other major revenue categories. Revenues generated from cart rentals, merchandise purchases, range balls, rental clubs, etc. closely parallel greens fee activity. Consequently, when greens fee sales are up or down, the other revenue categories reflect the same trends.

The sustained increase in combined green fee and cart rental fee revenue during the first half of FY 06/07 gives strong support to the notion that the dramatic downturn in golfing activity brought on by the tragic events of 9/11/01 have come to an end. Prior to the terrorist attacks of September, 2001, tourism was flourishing in Florida and air travel brought many people from not only other states, but from many other countries to vacation and recreate in Sarasota. This fact is supported by the number of rounds played at Bobby Jones Golf Club. In FY 00/01 142,840 total rounds were played, but that number dropped to 134,129 in FY 01/02 and continued to decline to 129,834 in FY 02/03. This trend has caused the closing of several area golf courses and prompted many private and semi-private clubs to relax their open play policies to supplement their declining membership programs. This strategy puts them in direct competition with Bobby Jones Golf Club for the local daily fee player as well as our valued visitors from afar. Despite these continued developments, the volume of play during the past year and a half continues to improve.

In order to ensure the continued financial health of the operation, management has made several strategic decisions for the coming fiscal year. These include the recommendation of additional rate increases for FY 07/08 for all major income categories, such as green fees, riding cart fees and AFH fees of four (4%) percent across the board.

The proposed CIP plan for FY 07/08 has once again been scaled down from that of years prior to 2001. This is due primarily to the ongoing preparation for the construction of a new clubhouse in the near future. This process began with the approval by the City Commission in 2003 to hire a consultant to conduct an analysis of the current clubhouse. The successful bidder performed the analysis and recommended demolition of the existing clubhouse, cart storage building and locker rental building and constructing of a two-story new clubhouse with cart storage on the first level of the building. This process, despite being in the early stages, has impacted several aspects of the golf operation significantly. The estimated cost of a new clubhouse will be in the 5 million dollar range. A municipal bond with a 25-year pay back schedule will require approximately \$325,000 mortgage payment per year. It is anticipated that Bobby Jones Golf Club will be expected to carry a major portion of the burden for this loan pay back. Hopefully, the City will be successful in obtaining partial support for the clubhouse funding from the one penny sales tax program currently being reviewed by the City and County. With this project in mind, management has culled CIP items that were planned for clubhouse renovations such as new roof, new HVAC equipment, new electrical equipment, etc. Other major capital projects, however, need to be addressed in the near future. A greens' rebuild on the British Course is of the most immediate concern and the American greens will have to be addressed soon thereafter. These projects, along with tee and bunker renovations, cart path replacement and irrigation/drainage issues, are high-dollar capital improvements that must be dealt with in a timely manner by all golf course operators if they expect to maintain the quality of their product. Management is hopeful that a workable plan for financing a new clubhouse will be found and implemented in the near future, one that will not jeopardize the ongoing quality of the facility's main asset, the courses.

Finally, the Bobby Jones Golf Club has once again received the 1st place Readers Choice Award from the Herald Tribune for Best Public/Semi-Private Golf Course for the eleventh time in twelve years. Also, for the third time, Bobby Jones Golf Club has received an award from Sarasota Magazine as one of the "Best Places to Play Golf". The management and staff of the Bobby Jones Golf Club will continue to strive for excellence in its service to the golfing public and the City of Sarasota.

STRATEGIC PLAN

Strategic Goal - Well-Maintained and Future-Oriented Infrastructure

Strategy - Ensure long-term funding and viability of City infrastructure.

Objective - Ensure the long-term optimal operation of the Bobby Jones Golf Complex by replacement of the club house.

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Task	Current Funding	Fiscal Year Completed	Funds Required
Develop business plan to cover debt service. Status - Sunset ineffective programs. Restructure Annual Fee Holder rates to market rate. Formed Advisory Board Subcommittee to conduct a financial feasibility study.	No	2010	\$5,000,000
Develop a business plan to cover debt service. Status - An advisory board subcommittee has been formed to conduct a financial feasibility study.	No	2010	\$5,000,000

OPERATIONAL FOCUS

Strategy

To generate sufficient revenue to cover all expenses, including the requirements of the Capital Improvement Plan (CIP).

Task

To maintain a 1 to 5 ratio of annual fee play to daily fee play throughout FY 07/08.

To maintain a 1 to 3.3 ratio of walkers to cart users for FY 07/08.

To annually assess the rate structure for possible increases/decreases that will keep the facility competitive in the local market yet absorb necessary cost increases of the ongoing operation.

To increase the May through October volume of play by attracting additional play from leagues, tournaments and privilege cards.

To increase the gross sales of the pro shop, practice range and rental equipment.

Description	Unit	FY 2005	FY 2006	FY 2007	FY 2008
Output Measure					
Annual fee holders	Number	281	212	181	155
Annual fee holder rounds-British/America	Number	22,220	18,535	15,800	13,500
Daily fee rounds-British/American	Number	65,841	74,297	75,000	76,500
Greens fee - Summer play cards	Number	21,749	23,287	24,500	25,600
Annual fee holder rounds - Executive	Number	4,667	4,542	4,600	4,600
Daily fee rounds - Executive	Number	19,047	20,828	21,000	21,000
Effectiveness Measure					
Ratio of annual fee play to daily play	Ratio	1 to 3.9	1 to 5.3	1 to 5.8	1 to 6.0
Ratio of walking players to cart users	Ratio	1 to 3.0	1 to 3.3	1 to 3.4	1 to 3.5
Efficiency Measure					
Daily resident single rate	Dollars	\$26.78	\$31.44	\$31.44	\$32.71
Annual resident single rate	Dollars	\$811.65	\$1,200.00	\$1,200.00	\$1,248.00

Strategy

To make repairs and improvements to the Golf Complex that will positively impact both the quality of the operation and overall revenues.

Task

To complete all scheduled capital improvements in each year of the long term Capital Improvement Plan.

To modify and update the Capital Improvement Plan (CIP) annually to maximize fund usage and prioritize needs.

To utilize a minimum of 6,000 community service worker hours annually for ongoing maintenance and repairs not included in the complex maintenance agreement.

Description	Unit	FY 2005	FY 2006	FY 2007	FY 2008
Output Measure					
Community service hours	Number	5,000	6,000	6,000	6,000
Effectiveness Measure					
Completion of CIP projects	Percent	84	90	100	100

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Cost Center Expenditures By Category

	FY 2006 Actual	FY 2007 Budget	FY 2008 Continuation	FY 2008 Issues	FY 2008 Totals
Personal Expenditures	614,107	678,699	743,087	0	743,087
Non Personal Expenditures	1,859,918	1,965,382	2,013,721	0	2,013,721
Capital Expenditures	82,921	210,000	425,000	0	425,000
Transfer Expenditures	110,003	113,373	170,024	0	170,024
Totals	2,666,949	2,967,454	3,351,832	0	3,351,832

Personnel Summary

Actual Positions	10.00	10.00	0.00	10.00
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Revenue Summary

	FY 2006 Actual	FY 2007 Budget	FY 2008 Continuation	FY 2008 Issues	FY 2008 Totals
CHARGES FOR SERVICES	3,147,241	2,930,250	3,243,250	0	3,243,250
INTEREST	50,445	27,500	97,932	0	97,932
RENTS & ROYALTIES	29,712	29,712	33,800	0	33,800
OTHER MISCELLANEOUS REVENUES	436	1,752	350	0	350
	3,227,834	2,989,214	3,375,332	0	3,375,332