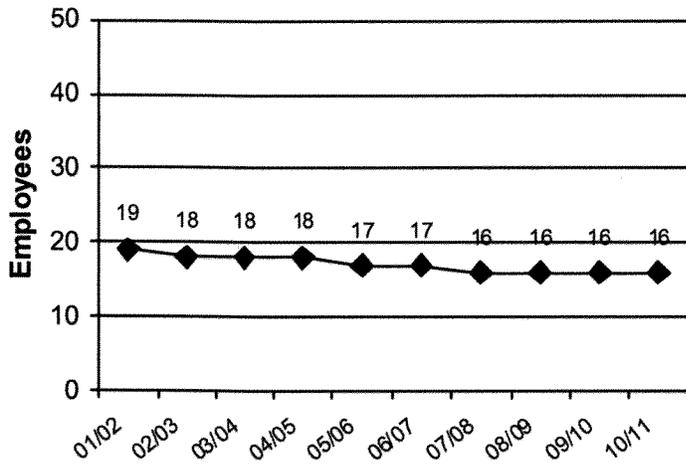


MISSION STATEMENT

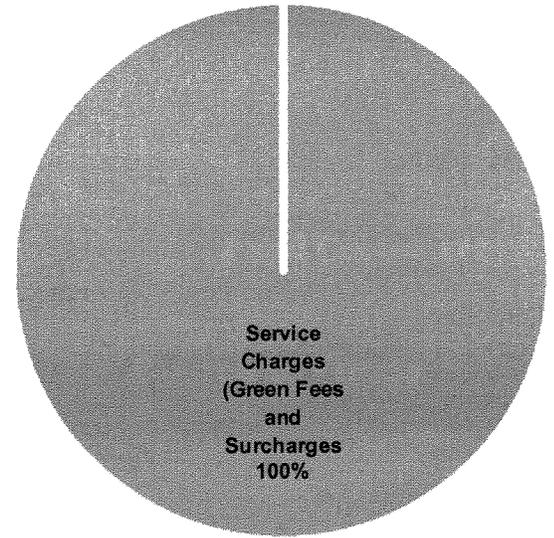
The San Luis Obispo County General Services Agency – Golf Courses operates 18-hole championship golf courses to enhance opportunities for recreation and personal enrichment of the County's residents and visitors while protecting its natural resources

OPERATING DETAIL (1)	2008-09 ACTUAL (2)	2009-10 ACTUAL (3)	2010-11 RECOMMENDED (4)	2010-11 ADOPTED (5)
OPERATING REVENUES				
Charges for Services	2,879,059	2,653,493	2,775,547	2,775,547
TOTAL OPERATING REVENUES	2,879,059	2,653,493	2,775,547	2,775,547
OPERATING EXPENSES				
Salaries and Benefits	1,417,234	1,367,262	1,465,276	1,465,276
Services and Supplies	1,046,350	750,829	874,387	874,387
Countywide Overhead	98,425	170,028	0	0
TOTAL OPERATING EXPENSES	2,562,009	2,288,119	2,339,663	2,339,663
OPERATING INCOME (LOSS)	317,050	365,374	435,884	435,884
NON-OPERATING REVENUES (EXPENSES)				
Interest	23,337	7,384	12,000	12,000
Other	444,056	0	0	0
Transfer in fm GF for Equip	8,898	0	0	0
Operating Transfer In	0	26,319	0	0
Depreciation	(385,263)	(383,798)	(385,263)	(385,263)
Transfer to DSF-Interest	0	(316,358)	(307,675)	(307,675)
Transfer to DSF-Principal	0	0	(240,000)	(240,000)
TOTAL NON-OPERATING REVENUES (EXPENSES)	91,028	(666,453)	(920,938)	(920,938)
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	408,078	(301,079)	(485,054)	(485,054)
Transfers in (out)	(50,718)	(18,071)	0	0
CHANGE IN NET ASSETS	357,360	(319,150)	(485,054)	(485,054)
Net Assets - beginning	7,154,219	7,511,579	7,192,429	6,869,432
Net Assets - ending	7,511,579	7,192,429	6,707,375	6,660,498
FIXED ASSET EXPENDITURES				
Equipment	0	0	15,448	15,448
Structures, Improvements	8,898	8,319	0	0
TOTAL FIXED ASSET EXPENDITURES	8,898	8,319	15,448	15,448

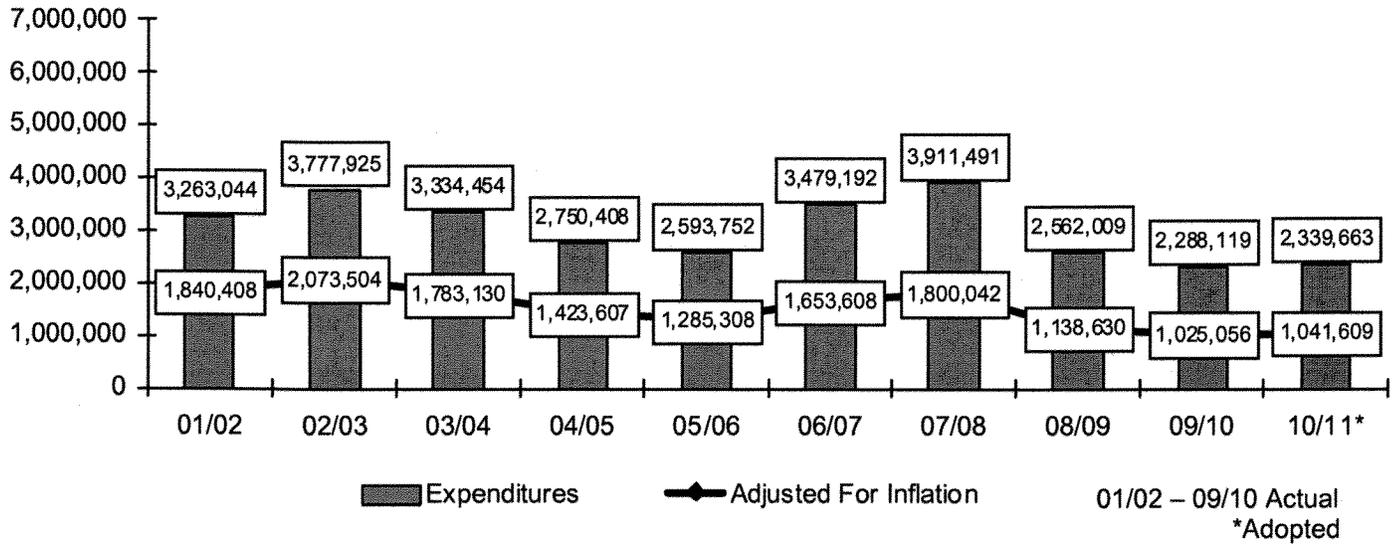
**Number of Employees
(Full Time Equivalent)**



Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Morro Bay Golf Course

Operate and maintain the Morro Bay Golf Course, which is leased from the State of California. Supervise the performance of County employees and contracted concessionaires to enhance customer satisfaction, maintain quality control, and ensure safe, cost-effective, and efficient operation of the courses.

Total Expenditures: \$1,273,087 Total Staffing (FTE): 8.50

Chalk Mountain Golf Course

Own the Chalk Mountain Golf Course. Supervise the performance of contracted concessionaire to enhance customer satisfaction, maintain quality control, and ensure safe, cost-effective, and efficient operation of the courses.

Total Expenditures: \$113,979 Total Staffing (FTE): 0.00

Dairy Creek Golf Course

Own, operate, and maintain the Dairy Creek Golf Course. Supervise the performance of County employees and contracted concessionaires to enhance customer satisfaction, maintain quality control, and ensure safe, cost-effective, and efficient operation of the courses.

Total Expenditures: \$1952,597 Total Staffing (FTE): 7.5

The County Golf Course Program of the County Parks exists to operate and maintain 18-hole championship golf courses to enhance opportunities for recreation and personal enrichment of the County's residents and visitors.

Internal Business Processes – As good as possible

FY 09-10 Accomplishments

- Accounting staff has streamlined internal accounting processes with concessionaires, and they continue to work towards painting a clear picture of the financial outlook of the golf program.
- Golf Course Superintendent is utilizing SAP to provide better feedback and monitoring for staff in the field regarding revenues and expenditures.

FY 10-11 Objectives and Challenges

- Golf Superintendent to obtain feedback from staff to improve daily, weekly, monthly, and yearly operations to help simplify and increase efficiencies on the grounds and facilities.
- Work with concessionaires to revise and update policies and procedures for golf operations.

Financial Health – As cost efficient as possible

FY 09-10 Accomplishments

- Staff and concessionaire partners have re-branded the annual customer program to attract new customers and help increase retention. Changes have increased participation by nearly 20%.
- Financial reports have been provided to staff increasing their knowledge of the entire financial outlook, which has increased awareness of spending wisely.

FY 10-11 Objectives and Challenges

- Undergo a capital needs assessment. The completion of this assessment in conjunction with improved financial reports will allow golf staff to better understand how to plan for and finance future infrastructure maintenance.
- Continue offering promotions and direct marketing to stimulate increased play on a local level.

Customer Service – As responsive as possible

FY 09-10 Accomplishments

- Annual surveys of golf course users measure public opinion about the condition and quality of our facilities, the quality of staff service and the overall recreation experience of users. National Golf Foundation conducted on-line customer satisfaction surveys at the three County golf courses in June 2009. The survey indicated customer satisfaction or Loyalty Index for our facilities is as follows: Morro Bay 97%; Dairy Creek 88%; Chalk Mountain 74%. This information has not previously been shared as the results were not available.

FY 10-11 Objectives and Challenges

- Integrate the new Golf Course Supervisor and Equipment Mechanic with operations and concession staff. Provide opportunities for fresh ideas and encourage their creativity to enhance customer services.
- Develop our own Customer Satisfaction surveys that will allow us to monitor customer satisfaction on a more regular basis. These surveys will occur at random days and times with greater frequency, but require less time for participation in the hopes that we will capture a larger amount of feedback from our customer base.

Learning and Growth - As responsible as possible

FY 09-10 Accomplishments

- Staff members are continually encouraged to attend County-sponsored development opportunities offered through the Employee University and National Management Association. Lead Greenkeepers have become more involved in supervisor training courses and improving their knowledge base as it pertains to managing people and resources.

FY 10-11 Objectives and Challenges

- Orient and train new Golf Course Supervisor and Equipment Mechanic. Encourage professional growth and provide leadership opportunities to enhance their skills and knowledge, and that of the golf workforce as a whole.
- Attend seminars regarding irrigation management to help improve navigation within software programs that are currently installed to help manage costs and resources in a more efficient manner.

COUNTY ADMINISTRATOR'S COMMENTS AND RECOMMENDATIONS

Fund Center 427 – Golf Courses, a division of the General Services Agency, is an Enterprise Fund and as such does not receive General Fund support. Enterprise funds charge user fees for their services. The State Controller's Office requires that an Operation of Enterprise Fund Schedule 11 be submitted. The format of the Schedule 11, as well as some of the data it contains, is different from how other County departments' budgets are reported. For consistency purposes, the data provided for in the narrative, Service Programs, and 10-year Expenditure chart are from the Schedule 11, including depreciation. Additionally, the narrative compares FY 2010-11 recommended estimated numbers vs. FY 2009-10 estimated year end numbers. As fixed assets are noted separately on the Schedule 11 and are not included as part of total expenses, they are not included as part of the overall comparison.

The total recommended expense for Golf Courses' FY 2010-11 budget is decreasing by \$73,781, 2%, less than the estimated amount for FY 2009-10. FY 2010-11 budgeted operating revenues are essentially flat, showing a \$7,995 increase as compared to the estimated year end FY 2009-10 amount. Revenues in FY 2007-08 and FY 2008-09 declined and the relatively flat revenue amount in this budget are indicative of a leveling of the trend in declining revenue and more realistic budgeting of revenue amounts.

Salary and benefit accounts for FY 2010-11 are increasing by \$62,168 or 4% over the FY 2009-10 estimated amounts. The increase is largely due to restoring funding for a Greenskeeper position which was vacant in FY 2009-10. Service and supply accounts are decreasing by \$122,078, a 12% decline as compared with the FY 2009-10 estimated amount. The decrease can be attributed to a decrease in concession payments to the State associated with the Morro Bay Golf Course, a decrease in Countywide overhead charges and a reduction in the expense related to payments in the water contract with the California Men's Colony. The recommended budget includes \$15,448 for the replacement of a pick-up truck with a more fuel efficient vehicle that will be used to maintain turf.

The FY 2010-11 recommended budget also includes expense for debt service that totals \$547,675. This debt service was originally intended to be repaid with a surcharge on fees for each round of golf played. The current revenue from this surcharge is insufficient to cover the debt service. Other operating revenues are making up the difference.

The Golf budget for FY 2010-11 also identifies Net Income (Loss) of \$485,054. This net loss is the difference between the total budgeted operational and non-operational revenues and expenses. Approximately 80%,

\$385,263, of the net income loss, can be attributed to depreciation expense. This depreciation expense is a non-cash expense that identifies the decline in value of capital assets. It is also an indicator of the amount that should be set aside to replace capital assets in the future. Golf is currently not funding depreciation. Although there is no immediate funding needed to cover the depreciation expense, it is recommended that Golf management develop a plan to begin setting aside funding for the eventual replacement of Golf's capital assets.

The recommended budget provides funding the annual operating costs and debt service. A recent accounting review of the Golf Course finances shows the overall financial status for the Golf fund center to be healthier than previously identified. The cash balance for the fund center is approximately \$300,000 greater than previously estimated. The increased cash balance was achieved through fiscal reviews performed by agency accounting staff. This process reconciled revenues and expenses from prior years which resulted in freeing up funding that had previously been identified as being allocated and not available. About \$115,000 of the cash balance is being used to finance the operational expense in FY 2010-11.

This budget fully funds all existing staff positions. The recommended budget will maintain current service levels.

BOARD ADOPTED CHANGES

None

GOALS AND PERFORMANCE MEASURES

Department Goal: Cost-effectively operate and maintain County public golf courses to enhance recreational opportunities for residents and visitors.						
Communitywide Result Link: A livable community.						
1. Performance Measure: Annual operating costs per golf round played at County-managed golf courses.						
05-06 Actual Results	06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Adopted	09-10 Actual Results	10-11 Target
\$17.63/round	\$18.52/round	\$18.92/round	\$17.85/round	\$18.50/round	\$19.88/round	\$18.87/round
What: The ratio of total operating expenses (salaries/benefits, services/supplies, depreciation of fixed assets) to the total number of rounds played at County-managed golf courses.						
Why: This figure reflects our commitment to provide well-maintained golf courses and amenities for those who visit County golf courses. This benchmark is useful in developing the fee structure as well as assessing the value of services provided in a very competitive market.						
How are we doing? While operating costs have been stable and reduced where possible, the decline in golf play both nationally and regionally has resulted in fewer golf rounds played locally. Therefore, County courses have experienced higher annual operating costs per round played than was adopted. FY 2009-10 operating costs per round exceeded the Adopted target by 6.9%. Reduction of operating expense has been a short term strategy to produce operating savings during challenging economic times and has allowed our program to pass along the savings to the golfing community.						
Department Goal: Design and implement programs that enhance golfing opportunities at a reasonable cost for residents and visitors to ensure customer satisfaction.						
Communitywide Result Link: A livable community.						

2. Performance Measure: The total number of golf rounds played at County-managed golf courses.						
05-06 Actual Results	06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Adopted	09-10 Actual Results	10-11 Target
153,361	158,830	152,695	142,563	145,000	121,919	140,000
<p>What: This measurement looks at the total number of rounds played at all three County golf courses relative to the prior year.</p> <p>Why: The ultimate measure of success for our golf program is reflected in the volume of play we can attract in this very competitive golf market. While golf rounds played are subject to the negative impacts of weather and the general economy, the total rounds played reflects the perceived value of golf experienced on our courses.</p> <p>How are we doing? The golf industry continues to trend downward since 2001 nationally, regionally and locally. Staff sees that local golfers maintain loyalty to our facilities but the numbers of golfers from further distances (Central Valley, Northern California, etc.) are fewer in number. Actual golf rounds played at County managed courses were approximately 19% below adopted figures. Per course, the decline in play from FY 2008-09 to FY 2009-10 was: Morro Bay Golf Course -14%; Dairy Creek Golf Course -23%; and, Chalk Mountain Golf Course -34%. Golf staff continues to work with concessionaire partners to create promotional offers that will attract more golfers to the courses .</p>						
3. Performance Measure: Percentage of annual survey respondents who would recommend playing on a County-managed golf course to a friend or colleague.						
05-06 Actual Results	06-07 Actual Results	07-08 Actual Results	08-09 Actual Results	09-10 Adopted	09-10 Actual Results	10-11 Target
90%	76.9%	77%	88%	90%	86.5%	90%
<p>What: Annual surveys of those who play golf on County managed golf courses measures customer opinion about the quality of those facilities, the quality of staff service and the overall value of the recreation experience. The golfer's willingness to recommend the course to a friend is, perhaps, the most meaningful measure of the facility's perceived value.</p> <p>Why: All the efforts to set appropriate fees and provide quality, safe facilities ultimately come down to the satisfaction of facility users and golfers' perceptions of the value of our products. Periodic surveying of customers helps staff measure golfers' opinions.</p> <p>How are we doing? Consistent with past years, staff employed the National Golf Foundation (NGF) to conduct customer surveys at all three courses. These surveys indicated an approval rating of 86.5 %, which is 4% below the Adopted amount. The results at Chalk Mountain significantly influenced the aggregate results of customer satisfaction as Chalk Mountain's approval rating was 74.7%. Morro Bay and Dairy Creek Golf Courses had approval ratings of 97% and 88% respectively. County staff is working closely with the concessionaire at Chalk Mountain to improve the golfing experience for our customers and anticipate increased customer satisfaction next year.</p>						