

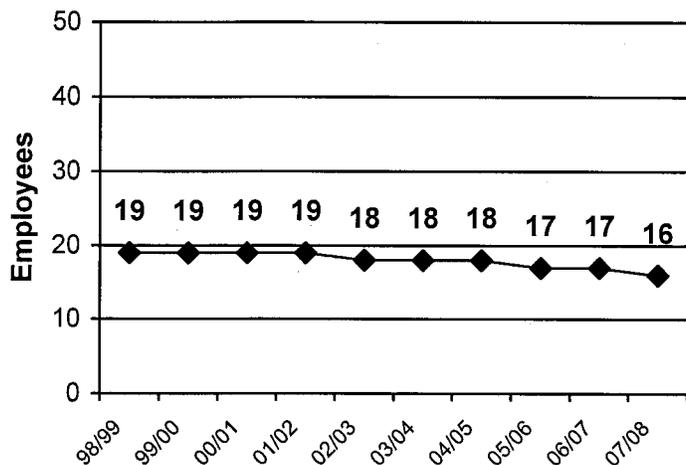
MISSION STATEMENT

Golf Courses, a division of the San Luis Obispo County Parks, operates and maintains 18-hole championship golf courses to enhance opportunities for recreation and personal enrichment of the County's residents and visitors.

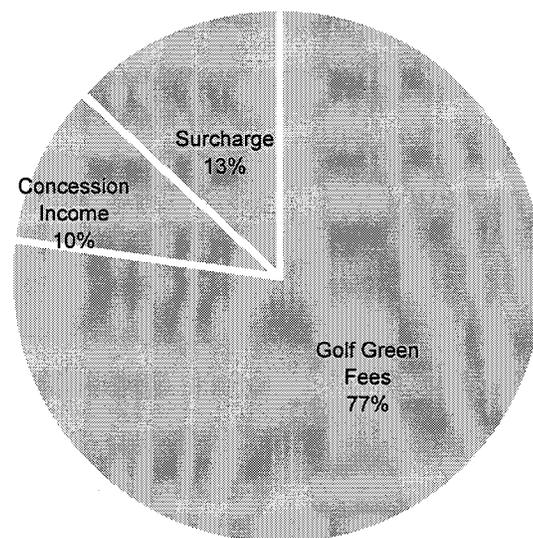
SCHEDULE 11

OPERATING DETAIL (1)	ACTUAL 2005-06 (2)	ESTIMATED 2006-07 (3)	PROPOSED ESTIMATES 2007-08 (4)	RECOMMENDED ESTIMATES 2007-08 (5)
REVENUES:				
OPERATING REVENUES				
Golf Green Fees	2,153,850	2,330,000	2,382,798	2,382,798
Concessionaire Income	292,320	290,000	306,449	306,449
Green Fee Surcharge	440,633	450,000	399,000	399,000
Miscellaneous	<u>16,632</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING REVENUES	2,903,435	3,070,000	3,088,247	3,088,247
NONOPERATING REVENUES				
State Aid - Prop 12	0	0	0	0
State Aid - Nuclear	0	0	0	0
Interest	38,202	25,000	30,000	30,000
Rental Income-Bldg.	0	0	0	0
Sale of Fixed Assets	0	0	0	0
Other	(16,217)	15,850	7,540	7,540
Transfer in fm GF for Equip	0	0	0	0
Residual Equity Trans In	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NONOPERATING REVENUES	21,985	40,850	37,540	37,540
TOTAL REVENUES	2,925,420	3,110,850	3,125,787	3,125,787
EXPENSES:				
OPERATING EXPENSES				
Salaries and Benefits	1,361,405	1,400,000	1,398,319	1,425,542
Services and Supplies	851,683	1,094,850	1,046,361	1,019,138
Depreciation	<u>380,664</u>	<u>354,866</u>	<u>354,866</u>	<u>354,866</u>
TOTAL OPERATING EXPENSES	2,593,752	2,849,716	2,799,546	2,799,546
NONOPERATING EXPENSES				
Transfer to DSF-Interest	364,038	570,953	532,404	532,404
Transfer to DSF-Principal	200,000	0	1,503	1,503
Issuance Costs	0	0	0	0
Transfer Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NONOPERATING EXPENSES	564,038	570,953	533,907	533,907
TOTAL EXPENSES	3,157,790	3,420,669	3,333,453	3,333,453
NET INCOME (LOSS)	(232,370)	(309,819)	(207,666)	(207,666)
FIXED ASSET EXPENDITURES				
Equipment	104,430	45,000	147,200	147,200
Structures, Improvements	<u>(57,984)</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FIXED ASSET EXPENDITURES	46,446	45,000	147,200	147,200

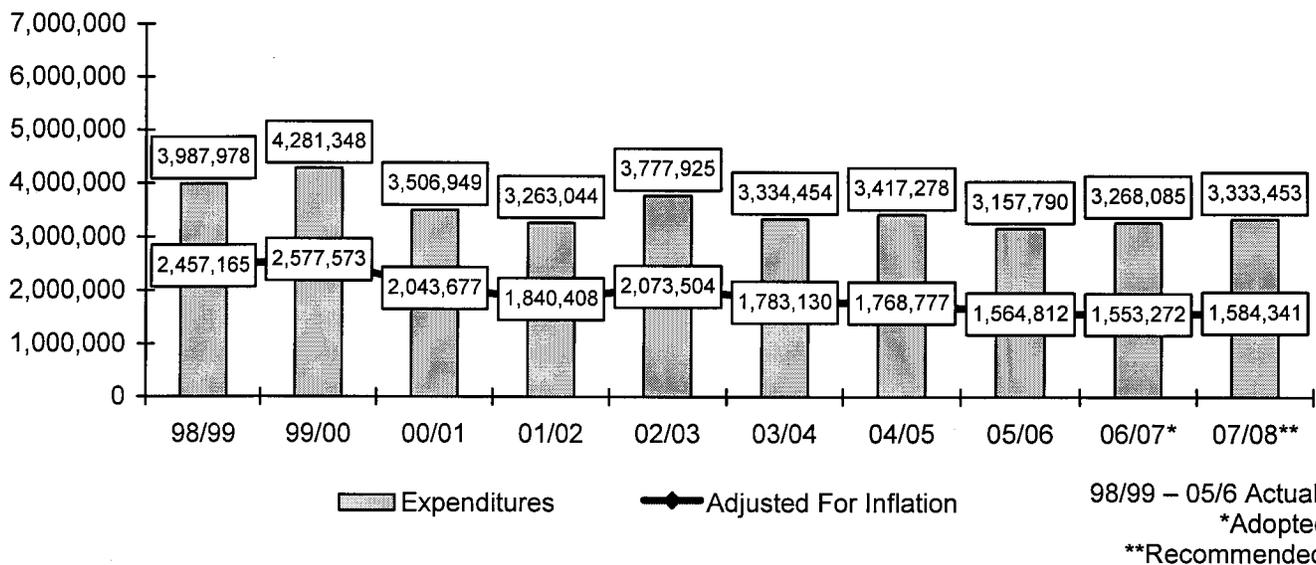
Number of Employees
(Full Time Equivalent)



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: \$1,716,098 Total Staffing (FTE): 8.50

Chalk Mountain Golf Course

Own, operate, and maintain 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: \$4,592 Total Staffing (FTE): 0

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: \$1,405,097 Total Staffing (FTE): 7.50

DEPARTMENT COMMENTS**Examples of results achieved in the past year: FY 2006-07****Customer Service**

Annual surveys of golf course users measure public opinion about the condition and quality of those facilities, the quality of staff service and the overall recreation experience of users. Most recent surveys indicate over 85% of respondents rate the overall value as "satisfactory" to "excellent" for County golf courses other than Chalk Mountain. The latest customer survey done at Chalk Mountain indicated that 76% of the respondents rated the overall value as "satisfactory" to "excellent". Additionally, County Golf Courses has contracted with the National Golf Foundation to conduct on-line customer satisfaction surveys at the three county golf courses. This survey will be the most comprehensive customer sampling to date and will be conducted in the 3rd Quarter 2006-07.

Internal Business Processing Improvements

Email promotions began this year utilizing the new golf course reservation and point of sales system. In addition, both local and regional on-line reservations are being offered and this segment of the reservation program continues to grow.

Financial Improvements

The County Golf Courses continued its membership in the Central Coast Golf Trails. This partnership, under the guidance of the SLO Visitor and Conference Bureau, has established an advertising budget for regional and national promotion of golf on the central coast. The goal is to enhance tourism in San Luis Obispo County and help sustain the economic stability of the County golf program.

Employee Development

Staff members are continually encouraged to attend County-sponsored development opportunities offered through the Employee University and National Management Association (NMA). Several employees are currently enrolled in classes and taking full advantage of these opportunities.

Major Focus for FY 2007-08**Customer Service**

County Golf Courses Division will continue to survey golf course users to measure public opinion on the user's overall recreation experience with the goal of maintaining high satisfaction ratings despite continuing financial challenges in the golf industry. The new National Golf Foundation Golfer Survey Program will provide better data and analysis of customer satisfaction than previous surveys.

Internal Business Processing Improvements

Explore opportunities to develop and expand electronic services, communication and promotions to our customer base utilizing the new point of sales / reservations system. And to further enhance promotional efforts, the golf course concession contractor has hired a full time marketing person to promote golf and food and beverage activities at Morro Bay and Dairy Creek Golf Courses.

Financial Improvements

After six consecutive years of industry-wide decline in golf rounds on a local, state and national level, County Golf Courses finds itself in need of outside financial assistance to meet capital needs. Request for assistance with capital funding were be presented to the Board of Supervisors at their February Strategic Planning meetings. With little to no infrastructure improvements at the facilities over the past ten years, it is becoming increasingly difficult to retain the needed market share of the golf population and compete with newer and fresher golf facilities. Financial recovery is dependent largely on facility upgrades, outstanding customer services and value pricing.

Promotions will continue on a local level for county golfers. Involvement in the Central Coast Golf Trails will increase tourist traffic and promote our product on a regional and national level.

Employee Development

Staff will continue to be encouraged and supported in their attendance at County-sponsored training opportunities. Off-site training opportunities will be considered if funds are available.

COUNTY ADMINISTRATOR’S COMMENTS AND RECOMMENDATIONS

Fund Center 427 – Golf Courses, a division of the Department of General Services, is an Enterprise Fund and as such doesn’t normally receive any General Fund support. Enterprise funds charge user fees for their services. Expenditures are recommended to decrease slightly, \$7,112, but overall the recommended budget remains essentially at FY 2006-07 adopted levels. Salaries and benefits are budgeted to decrease by 1%, or \$27,246 even with the 3.25% pension increase of approximately \$27,269. This is attributed to the deletion of a Golf Supervisor position in response to the decline in rounds played at all the County’s golf courses. Revenue is anticipated to decrease by 1% or \$11,602 over current adopted levels. Fixed Assets in the amount of \$147,200 are being recommended and include equipment that is antiquated or been deferred from previous fiscal years as cost saving measures.

The Budget Augmentation Requests (BARs) listed below were provided by Parks at the request of the Administrative Office for informational purposes only and are not being recommended at this time. The Board did approve a \$350,000 General Fund contribution to Golf Courses on March 27th, 2007. This funding, from General Fund Contingencies, is to be used towards maintenance projects at Chalk Mountain Golf Course. Additionally, the Board directed staff to return at a later date with an analysis of the continued viability of the Golf Courses Enterprise Fund and options for the future. The Parks’ budget contains a recommendation for \$100,000 to be used to hire consultant to prepare a comprehensive review and study of both Parks and the Golf Courses Enterprise Fund.

BUDGET AUGMENTATION REQUESTS NOT RECOMMENDED

Unit Amount	Description	Results
Gross: \$95,000 General Fund Support: \$95,000	Purchase of fixed assets (2- Riding Rotary Mower, 2-Utility Vehicle and Greens Mower) for use at Dairy Creek and Morro Bay Golf Courses.	<ol style="list-style-type: none"> 1. Improved playing conditions that will have a direct impact on the number of rounds played; 2. Increased revenue which will enable the Golf Course Fund Center to continue to operate as an Enterprise Fund; Maintenance of customer service levels in support of the County’s tourist industry.

Unit Amount	Description	Results
Gross: \$500,000 General Fund Support: \$500,000	Replacement of the water supply line at Morro Bay Golf Course. Without the repairs, the facility could face temporary closure and subsequently decreased revenue.	The repair of the water line will allow continual operations of Morro Bay Golf Course.
Gross: \$384,000 General Fund Support: \$384,000	Repair and paving of the parking lots and access roads at Morro Bay, Dairy Creek and Chalk Mountain Golf Courses.	Improved "curb appeal" and safety conditions for customers.
Gross: \$150,000 General Fund Support: \$150,000	Repair of the County's portion of the waste water line that starts at Dairy Creek Golf Course, runs the adjacent County Schools facility and Cuesta College before it gets to the California Mens Colony (CMC) Waste Water Plant. Without a replacement of the damaged portions of the line, there is the possibility that the Regional Water Board could close down the restrooms, kitchen and maintenance facilities, effectively closing the Course.	Repair of the County's portion enables the continued operations of the Golf Course.

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.						
02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
\$20.34/round	\$17.92/round	\$18.18/round	\$17.63/round	\$18.15/round	\$18.20/round	\$18.30/round
What: The ratio of total operating expenses (salaries/benefits, services/supplies, depreciation and fixed assets) to the total number of rounds played at County-managed golf courses.						
Why: This figure reflects the efficiency of our financial commitment to the visitors playing at County golf courses. This benchmark is useful in assessing fee structure as well as assessing the value of services provided in a very competitive market.						
How are we doing? The past year has brought generally little change to the total number of rounds played from prior year (which was an improvement from the most recent 5-year trend). However, operating expenses continue to see modest increases due to uncontrollable cost increases such as Countywide Overhead rates, salaries, utilities and insurance. The net result is a projected slight increase in cost per round.						

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.

02-03 Actual Results	03-04 Actual Results	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
175,888	165,663	151,168	153,361	160,000	155,000	157,000

What: This measurement looks at the total number of rounds played at all three County golf courses relative to the prior year.

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 subject to weather and the general economy, generally speaking, rounds played reflect both the quality of the golf experience we provide and the perceived value of that experience.

How are we doing? The negative impact of sharply increased gasoline prices appears to have had a chilling effect on discretionary consumer spending this past year. As a result, rounds recovery has not been as robust as previously projected. A modest 1-2% growth rate is anticipated over the next year.

3. Performance Measure: Percentage of annual survey respondents who would recommend playing on a County managed golf course to a friend or colleague.

02-03 Actual Results	03-04 Actual	04-05 Actual Results	05-06 Actual Results	06-07 Adopted	06-07 Projected Results	07-08 Target
99%	99%	98%	90%	96%	85%	85%

What: Annual surveys of golf course users measure public opinion about the condition and quality of those facilities, the quality of staff service and the overall recreation experience of users. The golfer's willingness to recommend the course to a friend is, perhaps, the most meaningful measure of the facility's perceived value.

Why: All the efforts of staff to provide quality, safe facilities ultimately come down to the satisfaction of facility users and County residents and their perceptions about how well we are meeting their needs. Periodic surveying of regular users helps staff better measure those opinions.

How are we doing? Survey results show that levels of satisfaction with the County golf courses are still quite high. However, declining revenues have resulted in somewhat diminished playing conditions, particularly at Chalk Mountain Golf Course, resulting in a modest drop in the customer satisfaction rate. The Golf Courses' contract with the National Golf Foundation to perform Golfer Satisfaction Surveys at all three County golf courses. The next customer survey is anticipated for the third quarter of FY 06/07.