



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council Date: November 18, 2014

From: Dennis Cron, Assistant Town Manager Item No: 10

Subject: APPROVE RESOLUTION NO. 2014-46 APPROVING A FIVE YEAR PROFESSIONAL SERVICES AGREEMENT WITH SIERRA GOLF MANAGEMENT, INC. TO PROVIDE MANAGEMENT SERVICES AT THE APPLE VALLEY GOLF COURSE

T.M. Approval: _____

Budgeted Item: Yes No N/A

RECOMMENDED ACTION:

Approve Resolution No. 2014-46, A Resolution to Approve an Amended and Restated Five (5) Year Professional Services Agreement between the Town of Apple Valley (Town) and Sierra Golf Management, Inc. (SGM) to provide Golf Course Management Services at the Apple Valley Golf Course (AVGC), and authorize the Town Manager to execute the Contract Agreement, Subject to Approval by the Town Attorney as to form and the Town Manager as to content.

SUMMARY:

Town staff has been pleased with the performance of SGM since it assumed operations at AVGC on July 1, 2013. SGM is involved, engaged and responsive to every request. SGM works hard to resolve issues quickly, reduce cost and increase efficiency. With SGM running the day-to-day operations, the AVGC operation always comes first. The staff at SGM is a pleasure to work with from a staff perspective. They have consistently demonstrated that they care about the efficiency of the operation and their company reputation in this community.

Town staff has determined that it is in the best interest of the Town to approve a long-term Golf Course Management Agreement (Agreement) with SGM. If approved, while separate, extension of the Agreement will extend the existing Interim Food and

Beverage License Agreement with SGM for the remainder of the term of the new Agreement.

BACKGROUND:

On July 1, 2013, the Town Manager signed an Interim Golf Course Management Agreement with SGM to provide day-to-day Golf Course Management services at the AVGC. The Agreement was required as a result of the Town ending its relationship with the previous Golf Course Manager, who was already in place and under contract when the Town assumed ownership of the former Apple Valley Country Club. A short time later, the existing food and beverage operator served notice on the Town that they would cease to operate the bar and restaurant services. Thankfully, SGM agreed to assume this function because they understand the importance that the F&B services play at this facility.

The Town and SGM agreed on the terms for an Interim Food and Beverage License Agreement at the AVGC on November 18, 2013. Under SGM operation, the AVGC restaurant (Roydale's) is open daily for breakfast and lunch and is open for walk-in fine dining on Friday nights. In addition, the banquet facility is available for many scheduled uses and events by the public and civic organizations as scheduled by SGM. Banquet and F&B operations are currently a loss-leader to the Golf Course operation. SGM is working hard to change that and continually looks for opportunities to make this end of the business a profit generating function. Under the terms of the Agreement, SGM bares expense for the operation of the F&B function, while the Town pays the utility expense.

Currently the F&B operation runs a deficit and does not generate a profit. For this reason, SGM requested an increase to the monthly AVGC management fee from \$6,000 per month (in place during the interim period) to \$8,000 per month for the first three (3) years of the contract term. If approved, for the first three years of the contract, the Town will pay SGM \$8,000 per month for Golf Course Management and F&B service. At the conclusion of the third year of the management contract, a CPI adjustment based on the previous twelve (12) months will be applied to the monthly management fee. The initial term of the contract is five (5) years. At the conclusion of the initial five (5) year term, if the Town and SGM mutually agree to extend the term of the contract, the contract can be extended for five (5) additional one (1) year terms. If approved, a budget amendment will be prepared to augment the Golf Course budget to cover this additional expense through the remainder of this budget cycle and it will be included as a matter of course in future budget preparation.

FISCAL IMPACT:

This will increase the current fees paid to SGM by an additional \$2,000 per month or \$24,000 annually, resulting in an increase of \$16,000 for the remainder of the FY 14-15 budget year.

ATTACHMENTS:

Budget Amendment
Resolution
Professional Services Agreement



**TOWN OF APPLE VALLEY
BUDGET AMENDMENT REQUEST**

Requesting Department	Prepared By	Date Prepared
Golf Course	Dennis Cron	November 18, 2014

REVENUES AND OTHER FINANCING SOURCES

Account Description	Fund	Dept	Account No.	Amendment Amount
REVENUE TOTAL				-

EXPENDITURES AND OTHER FINANCING USES

Account Description	Fund	Dept	Account No.	Amendment Amount
GC Management Fee	5710	0000	7332	16,000
EXPENDITURE TOTAL				16,000

PURPOSE

Golf Course Management Fee Increase.

Department Director	Date	ATM Fin. & Admin./Asst. Fin. Dir.	Date

Town Manager	Date	Entered by	Date

RESOLUTION NO. 2014-46

RESOLUTION NO. 2014-46, A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, TO ENTER INTO A GOLF COURSE MANAGEMENT AGREEMENT WITH SIERRA GOLF MANAGEMENT, INC. FOR THE LONG-TERM MANAGEMENT AND OPERATION OF THE TOWN'S GOLF COURSE

WHEREAS, the Town of Apple Valley ("Town") owns that certain public golf course in the Town of Apple Valley known as the Apple Valley Golf Course ("Golf Course"); and

WHEREAS, the Town desires to enter into a long-term, incentive-based agreement to manage and operate the Golf Course; and

WHEREAS, Sierra Golf Management, Inc. ("SGM") is an experienced and qualified operator of public golf course facilities; and

WHEREAS, the Town desires to engage SGM in a long-term, incentive-based agreement to manage and operate the Golf Course because SGM has familiarized itself with the operations, needs, and marketing potential of the Golf Course during the term of the Interim Golf Course Management Agreement; and

WHEREAS, Town staff has prepared and recommends that the Town Council enter into the attached Golf Course Management Agreement that provides for the long-term management and operation of the Golf Course for at least the next five (5) years; and

WHEREAS, effective as of November 1, 2014, SGM shall assume responsibility for the management and operation of the Golf Course on behalf of the Town in accordance with the terms and conditions more particularly set forth in the attached Golf Course Management Agreement; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED that the Town Council for the Town of Apple Valley, California, finds, determines and orders as follows:

Section 1. The Town Council hereby finds that the recitals in this Resolution are true and correct. The Town Council hereby adopts those findings as its own. This Resolution shall be deemed to be entered into the minutes of the meeting at which this Resolution is passed.

Section 2. The Town Council hereby enters into the attached Golf Course Management Agreement with Sierra Golf Management, Inc. for the long-term management and operation of the Town's Golf Course.

Section 3. This Resolution shall become effective as of November 1, 2014.

Approved and adopted by the Town Council of the Town of Apple Valley, California this 18th day of November 2014.

Art Bishop, Mayor

La Vonda M-Pearson, Town Clerk

GOLF COURSE MANAGEMENT AGREEMENT

This Golf Course Management Agreement (“Agreement”) is made as of this ___ day of _____, 2014, by and between the Town of Apple Valley, a municipal corporation organized under the laws of the State of California (“Town”), and Sierra Golf Management, Inc., a California corporation (“SGM”), hereinafter sometimes collectively referred to as the “Parties” and individually as a “Party.”

RECITALS

A. Town owns that certain public golf course in the Town of Apple Valley known as the Apple Valley Golf Course (“Golf Course”). A map of the layout of the Golf Course is attached hereto as Exhibit “A” and incorporated herein by reference.

B. The Golf Course shall include the following facilities and equipment: (i) a regulation 18-hole golf course; (ii) practice facilities include a driving range and practice putting greens; (iii) pro-shop, including all furniture, fixtures and equipment used in conjunction therewith; (iv) a cart storage building; (v) a maintenance facility; (vi) irrigation wells; and (vii) all equipment necessary to maintain and operate the facilities. Notwithstanding the foregoing, the club house and banquet building are excluded from this management agreement and Town will enter into a separate agreement for the provision of food and beverage services to patrons of the Golf Course.

C. SGM is an experienced and qualified operator of public golf course facilities and Town desires to engage SGM in a long-term, incentive-based agreement to manage and operate the Golf Course now that SGM has familiarized itself with the operations and marketing potential of the Golf Course during the term of the Interim Golf Course Management Agreement.

D. Effective as of November 1, 2014, SGM shall assume responsibility for the management and operation of the Golf Course on behalf of the Town on the terms and conditions more particularly set forth below:

AGREEMENTS

Section 1. Definitions.

Annual Operations Budget. The term “Annual Operations Budget” shall have the meaning set forth in Paragraph 3(d)(i).

Capital Expenditures Budget. The term “Capital Expenditures Budget” shall have the meaning set forth in Paragraph 3(d)(ii).

Capital Reserve. The term “Capital Reserve” shall mean those amounts at any given time allocated to an account for capital replacements and improvements in or on the Golf Course. It is anticipated that there will be no Capital Reserve allocation during the term of this Agreement.

Commencement Date. The term “Commencement Date” shall mean the effective date of this Agreement: November 1, 2014.

Fiscal Year. The term “Fiscal Year” shall mean the Fiscal Year of the Town, which begins on July 1 and ends on June 30 of each year.

Food and Beverage Operations. The term “Food and Beverage Operations” shall mean the sale of food and beverages, including alcoholic beverages and beverage cart sales, on-site at the Golf Course or in the clubhouse of banquet building.

Gross Receipts. The term “Gross Receipts” shall mean all receipts related to or derived from the operation of the Golf Course, computed on an accrual basis, recognized during or after the first month beginning on or after the Commencement Date and shall include, but shall not be limited to, greens fees, tournament fees, driving range fees, golf cart fees, goods, wares, or merchandise on, at or from the Golf Course, determined in accordance with generally accepted accounting principles applied on a consistent basis. Gross receipts shall not include:

- (a) Applicable gross receipts taxes, admission, excise, sales and use taxes, or similar governmental charges collected directly from members of their guests or as a part of the sales price of any goods or services.
- (b) Receipts from coin telephones, except to the extent of commissions received therefrom.
- (c) Service charges, which are defined to mean percentage gratuities added to member billings as compensation to SGM’s employees.
- (d) Income to the golf professionals from lessons.
- (e) Receipts from Food and Beverage Operations.
- (f) Proceeds of borrowings by SGM.
- (g) Proceeds paid as a result of an insurable loss, unless paid for the loss or interruption of business, provided such sums are used to remedy said losses.

Any of the above provisions resulting in a double exclusion from Gross Receipts shall be allowed as an exclusion only once.

Management Fee. The term “Management Fee” shall have the meaning set forth in Section 5.

Net Operating Income. The term “Net Operating Income” shall mean that amount, if any, by which Gross Receipts exceed the sum of (i) Operating Expenses; and (ii) credits to the Capital Reserve.

Operating Expenses. The term “Operating Expenses” shall mean those necessary or reasonable operating expenses incurred or paid on behalf of Town beginning on or after the Commencement Date in connection with the normal course of conducting and operating the business affairs of the Golf Course, computed on an accrual basis, including but not limited to, the following items:

- (a) Salaries, wages, employee benefits and payroll expenses, including payroll taxes, approved employee benefit programs and insurance of all employees employed exclusively on-site in the direct operation of the Golf Course, excluding, however, service charges, if any, which are defined as percentage gratuities added to customer billing and paid to employees.
- (b) Marketing, advertising and promotional expenses.
- (c) Replacement of inventories for maintenance parts and supplies and the range.
- (d) Replacement of broken, lost or damaged range balls, Golf Course accessories and other similar items.
- (e) Maintenance costs for service or repair of Golf Course maintenance equipment.
- (f) Office supplies, postage, printing, routine office expenses and accounting/bookkeeping services incurred in the operation of the Golf Course.
- (g) The Management Fee.
- (h) Accrual of a reserve for insurance each calendar month in an amount or at a rate that is sufficient to pay such insurance premiums or property taxes when they become due and payable.
- (i) Insurance premiums and property taxes, to the extent not provided for in the reserve established therefore.
- (j) Auditing, accounting costs, computer fees and legal fees (excluding legal fees incurred by SGM to interpret its rights or obligations under this Agreement or to comply with applicable laws) incurred in respect to the operation of the Golf Course.
- (k) Costs incurred for utilities, including, but not limited to, all electric, gas and water costs, and any other private utility charges incurred in connection with the operation of the Golf Course, except those utility costs which are billed directly to Town.
- (l) Ordinary maintenance and repairs and housekeeping related to the Golf Course.
- (m) All rental and lease payments on any item of furniture, fixtures or equipment utilized in the operation of the Golf Course.

Any of the above provisions resulting in a double deduction as an Operating Expenses shall be allowed as a deduction only once. Operating Expenses shall not include any salaries, benefits, expense reimbursement or other compensation of SGM management personnel or employees who are off-site, nor administrative overhead or expenses of SGM, all of which be paid by SGM.

Working Capital. The term “Working Capital” shall mean funds which are reasonably necessary for the operation of the Golf Course and for payment of all Operating Expenses on a timely basis, including, without limitation, amounts sufficient for the maintenance of operating banking accounts, payables, payrolls, Management Fees and prepaid expenses and funds required to maintain inventories, less accounts payable and accrued current liabilities.

Section 2. Obligations and Term. Town hereby retains SGM in the capacity of an independent contractor and not as an employee or agent of Town to supervise, manage, direct and operate the Golf Course on behalf of and for the account of Town during the term hereof, subject to the terms and conditions set forth herein. SGM accepts its selection as Manager of the Golf Course, excluding Food and Beverage Operations, subject to the terms and conditions hereof. SGM’s obligations hereunder include the operation and maintenance of the Golf Course together with the pro-shop at the Golf Course. Town designates SGM as the exclusive Manager of the Golf Course with the responsibility, discretion and authority, subject to Town’s approval, advice and consent, to determine operating policies and procedures, standards of operation, special rights or privileges, programs, standards of service and maintenance, pricing, marketing and other policies affecting the Golf Course or the operation thereof. SGM shall implement all such policies and procedures, and perform any act deemed necessary or desirable by the Town or SGM for the efficient and cost effective operation and maintenance of the Golf Course.

SGM shall serve as the Food and Beverage License Agreement Operator at the Golf Course, pursuant to the terms of the existing Food and Beverage License Agreement, executed November 25, 2013. If SGM should decide that it no longer wishes to serve as the Food and Beverage License Agreement Operator at the Golf Course, SGM agrees to provide not less than sixty (60) days’ written notice to Town of its request to renegotiate the existing Food and Beverage License Agreement or terminate SGM’s food and beverage services at the Golf Course. Any such termination of SGM’s service as the Food and Beverage License Agreement Operator at the Golf Course shall be contingent upon renegotiation of the terms of this Golf Course Management Agreement. The effective date of any such termination of SGM’s service as the Food and Beverage License Agreement Operator at the Golf Course shall not be more than one hundred twenty (120) days after the date of SGM’s termination notice.

SGM retains the right to set all greens fees, driving range fees, cart fees and other fees associated with golf play, subject to the approval of Town, which approval shall not be unreasonably withheld. SGM shall have the authority without the prior approval of the Town, to set tournament fees or special event fees and charges, and to temporarily change otherwise applicable greens fees, driving range fees and cart fees for periods not to exceed ninety days for marketing purposes or to accommodate special weather conditions.

It is understood that it is the intent of the parties that SGM shall be responsive to the public needs and requirements in establishing policies and procedures in the overall operation of the Golf Course facility. Provided, further, it is understood that Town shall have at all times the final decision on the expenditure for any capital items the parties deem necessary for the successful operation of the Golf Course.

The Agreement granted hereunder shall be for a term of five (5) years to begin on the Commencement Date and end October 31, 2019, except as otherwise provided herein. Prior to the conclusion of the initial five-year term of this Agreement, the parties shall have the option to enter into an agreement to extend this Agreement for a new term of one (1) year. The option to

extend this Agreement for a new term of one (1) year may be exercised for up to five (5) consecutive years.

Section 3. Responsibilities of SGM. The following are the specific responsibilities and duties of the SGM.

(a) General Management and Control. In addition to the general management and control of the Golf Course operation vested in SGM by this Agreement, SGM covenants that it will prepare, subject to the Town's review and approval, and faithfully implement the operational organization, policies and guidelines as set forth in the Golf Course Operations and Maintenance Manual, provided that nothing therein shall supersede any responsibility, duty or obligation otherwise placed upon SGM by the terms of this Agreement. In carrying out its general management and control responsibilities, the President of SGM or his or her designee, who shall be designated as the "Agent" of SGM, shall make at least bimonthly (twice per month) visits to the Golf Course to supervise, monitor and inspect the operation of the Golf Course.

(b) Marketing. Unless previously provided within forty-five (45) days of the Commencement Date of this Agreement, SGM shall develop a marketing plan for the Golf Course facility and deliver a summary thereof to Town for Town's advice, consent and approval. The marketing plan shall include a plan for the advertising, publicity and promotional activities of the Golf Course. The costs to develop the marketing plan shall be at the sole expense of the SGM. The costs for implementation of the marketing plan shall be deemed an expense of the Golf Course operation. SGM shall diligently implement the marketing plan approved by the Town. Periodically, but not later than monthly, SGM shall report to the Town, in writing, with respect to its compliance with the marketing plan and the success and progress of the marketing plan. Semi-annually, or more frequently if so requested by the Town, SGM shall update the marketing plan and, if determined necessary by either SGM or the Town, change the marketing plan to encourage increased play and activity at the Golf Course.

(c) Recruitment and Training. SGM shall determine manpower requirements, recruitment schedules and compensation levels; recruit, interview, hire, train, and terminate, if necessary, all Golf Course personnel employed by SGM. Notwithstanding the foregoing, all compensation and benefits offered by SGM will be consistent with the Annual Operating Budget and all employees shall be employees of SGM.

(d) Financial Management and Budgets. SGM shall maintain all books, records and other data associated with the financial projections and forecasts including, but not limited to, the Initial Operating Budget; the Annual Operations Budget; and the Capital Expenditures Budget all as more specifically outlined below. SGM shall be responsible for the day to day financial affairs of the Golf Course as well as its daily operation, budget and expenditures, as follows:

(i) Annual Operations Budget. SGM has been provided with the Annual Operations Budget adopted by the Town for the Golf Course for the 2014-2015 fiscal year, a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference, and SGM agrees to operate the Golf Course in accordance with such Annual Operations Budget. SGM may submit recommendations for increases, additions, and/or modifications in the Annual Operations Budget, including greens fees, driving range fees, cart fees and other fees associated

with golf play for consideration by the Town. No expenditures shall be made in excess of the budgeted amount without the prior written consent of the Town.

(ii) Capital Expenditures Budget. SGM has been provided with the Capital Expenditures Budget adopted by the Town for the Golf Course for the 2014-2015 fiscal year. Town acknowledges that it is responsible for the payment of all reasonable and necessary capital expenditures Town determines, in its sole discretion, are required for or on behalf of the Golf Course.

(iii) Unanticipated Expenditures and Reallocation of Funds. Town agrees that the Annual Operations and Capital Expenditures Budget are intended to be reasonable estimates and that SGM shall not be deemed to have made any guarantee, warranty or representation whatsoever in connection with these budgets, and accordingly SGM shall be entitled to request Town approval of budget amendments to cover any expenditures that were unanticipated at the time of preparation of these budgets but that are reasonable and necessary for the operation of the Golf Course. Further, SGM may, with the approval of the Town Manager, reallocate amounts from one line item to another within the respective budgets as may be necessary for the operation of the Golf Course.

(e) Accounting Records and Reporting. SGM agrees from and after the Commencement Date of this Agreement and during the term of this Agreement at Town's cost, to maintain efficient and accurate accounting records in accordance with generally accepted accounting principles in a format consistent with other public Golf Courses as follows:

(i) During the term of this Agreement, SGM shall submit to Town each Monday at 5:00pm an income report from Quickbooks or similar accounting software showing all of the Gross Receipts and Expenditures of the Golf Course for the preceding week defined as Sunday to Sunday.

(ii) During the term of this Agreement, SGM shall submit to Town on or before the 20th day following the end of the previous month of operations, a financial statement showing in detail all of the Gross Receipts and Expenditures of the Golf Course for the preceding month and the operating year to date. Said accounting shall be accompanied by appropriate copies of sales records of the Golf Course operation for the previous twelve (12) month period as well as an accounting of all expenditures and disbursements by SGM for the Golf Course for such period.

(iii) From and after the Commencement Date of this Agreement, and within sixty (60) days after the close of the fiscal year, SGM shall submit a financial statement showing all Gross receipts and disbursements for the operating year then ended. The financial statements shall include a statement that the financial statements were compiled in compliance with the terms and conditions of this Agreement and in accordance with generally accepted accounting principles.

(f) Cash Control Plan. Within ninety (90) days of the commencement of this Agreement, SGM shall submit to the Town for its review and approval, a plan setting forth how cash receipts at the Golf Course will be handled and controlled to reasonably insure that cash receipts from all Golf Course related operations can be protected from loss or theft. In this

regard, SGM recognized the right of the Town to conduct periodic unscheduled audits to compare daily pay sheets and sales records with actual cash on hand. Such unscheduled audits by Town will be conducted in such a way as to minimize disruption of golf play and clubhouse activities.

(g) Inspection/Audit. From and after the Commencement Date of this Agreement, and during the term of this Agreement, and for one year after the termination of this Agreement, Town (or its duly appointed agents) shall have the right, after written notice to SGM to inspect the books, records, invoices, deposits, sales slips, cancelled checks or other financial data or transactions of the Golf Course, at reasonable times and during normal business hours. In addition to the right to inspect the records, Town shall have the right to select an independent established accounting firm to audit the books and records of the operation on an annual basis during the term of the Agreement. The costs of the annual audit, if requested by the Town, shall be paid by the Town. In the event the audit reveals an error in SGM's reporting of gross receipts or expenditures by a margin of greater than three percent (3%), then the cost of the audit shall be charged as an expense directly to SGM. When requested by Town, SGM agrees to implement any and all audit recommendations, it being understood that any costs of audit recommendations shall be an operating expense.

(h) Employees. SGM is responsible for hiring and firing all employees at the Golf Course and for ensuring that such employees are adequately trained and supervised at all times. All such employees shall be paid by SGM and such payment shall be charged as an operating expense. In this connection, SGM shall develop staffing requirements for all areas of the Golf Course and hire and train the staff required therefor as SGM deems necessary and advisable for the successful and continued operation of the facility, consistent with the approved budget. SGM shall be solely responsible for any claim or liability arising in connection with the employees at the Golf Course, including without limitation, any claim or liability that is the result of any failure of SGM, its management staff and employees to comply with applicable federal, state and local laws.

(i) Equipment. SGM shall use the maintenance equipment located at the Golf Course for the daily maintenance of the course.

(j) Workers' Compensation and Public Liability Insurance. At all times during the term of this Agreement, SGM shall provide workers' compensation insurance for its employees along with comprehensive general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the property, with minimum limits of insurance as set forth below. The public liability and property damage insurance policies shall name SGM as the insured and the Town, its elected officials, agents, employees and volunteers as additional named insureds as their respective interests may appear. All insurance costs shall be deemed a cost of the Golf Course operation.

For clarity and to avoid any misunderstanding, the following outlines the basic minimum scope, limits and insurance coverage requirements of the Town:

(i) Minimum Scope of Insurance. Coverage shall be at least as broad as:

a. Insurance Services Office form number GL 0002 (Ed. 1/73) covering Comprehensive General Liability and Insurance Services form number GL 0404 covering Broad Form Comprehensive General Liability, or Insurance Services Office Commercial General Liability coverage (“occurrence”) form CG 0001).

b. Insurance Service Office form number CA 0001 (Ed. 1/78) covering Automobile Liability code 1 “any auto” and endorsement CA 0025.

c. Workers’ Compensation Insurance for its employees as required by the Labor Code of the State of California and Employers Liability insurance.

(ii) Minimum Limits of Insurance. SGM shall maintain limits no less than:

a. General Liability: \$2,000,000 for personal injury or death of each person and \$5,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum of \$100,000 (subject of deductible clause of not to exceed \$50,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limits policy in the amount of \$10,000,000 covering all such risks. The net proceeds of such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

b. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

c. Workers’ Compensation and Employers Liability: Workers’ Compensation limits as required by the Labor Code of the State of California and Employers Liability Limits of \$1,000,000 per accident.

(iii) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions in excess of \$10,000 must be declared to and approved by the Town. At the option of the Town, either the insurer shall reduce or eliminate such deductibles or self-insured retention as respects to the Town, its officers, officials, employees and volunteers; or SGM shall procure a bond guaranteeing payment of losses and relating to investigations, claim administration and defense expenses.

(iv) Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions:

a. General Liability and Automobile Liability Coverages.

(1) The Town, its elected officials, employees and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of SGM products and completed operations of SGM, premises owned, occupied or used by SGM, or automobiles owned, leased, hired or borrowed by SGM. The coverage shall contain no special limitations on the scope of protections afforded to the Town, its officers, officials, employees or volunteers.

(2) SGM's insurance coverage shall be primary insurance as respects the Town, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Town, its officers, officials, employees or volunteers shall be excess of SGM's insurance and shall not contribute with it.

(3) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Town, its officers, officials, employees or volunteers.

(4) SGM's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

b. Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Town, its officers, officials, employees and volunteers for losses arising from work performed by SGM for the Town.

c. All Coverages. Each insurance policy required by this paragraph (i) shall be endorsed to state that coverage shall not be suspended, voided, cancelled by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Town.

d. Acceptability of Insurers. Insurance to be placed with insurers with a Best's rating of no less than A:VII. Endorsement and Certificates of Insurance are to be placed on forms provided by or acceptable to the Town.

(k) Employer/Employee Relations. SGM shall have the sole responsibility to negotiate with any employee organization or employee groups lawfully entitled to represent the employees SGM assigns to the Golf Course.

(l) Service Agreements. Town and SGM shall join in any negotiation and consummate such agreements as they deem necessary or advisable for the furnishing of utilities, services, concessions and supplies for the maintenance and operation of the Golf Course.

(m) Repairs. SGM shall have the responsibility and authority to make, install, or cause to be installed, as an operating expense, all necessary and proper repairs and replacements in and to the Golf Course and appurtenant facilities in order to keep and maintain the same in good repair, working order and condition, and outfitted and equipped for the proper operation thereof in accordance with standards set forth herein; provided, however, SGM may not make any changes to the floor plan or exterior structure of any of the building improvements on the property without the prior approval of Town, nor may SGM make any changes in the Golf Course layout and design without prior written approval of the Town. Notwithstanding the foregoing, SGM shall not exceed the amounts budgeted for maintenance and repair in the Annual Operating Budget without the prior written consent of the Town Manager.

(n) Licenses and Permits. SGM shall apply for, obtain and maintain, in SGM's name, all licenses and permits required in connection with the management and operation of the Golf Course. Town shall cooperate with SGM in applying for, obtaining and maintaining such licenses and permits. Town shall obtain and/or maintain all certificates of occupancy or other

permits required for SGM to commence the operation of the Golf Course facility as of the Commencement Date of this Agreement.

(o) Legal Action. Any legal action that is recommended to be taken by SGM in connection with the operation of the Golf Course shall be presented first to the Town for review and approval. Town reserves the right to select legal counsel for any action, the cost of which would be included as an Operating Expense.

(p) Bank Accounts. All Gross Receipts shall be the property of the Town, subject to the provisions of this paragraph. SGM and the Town shall maintain the "AVGC Operating Account" (hereinafter "Operating Account"), and any other bank accounts as the parties hereto may deem necessary or advisable for the operations of the Golf Course, at a bank designated by the Town. All Gross Receipts and Operating Expenses of the Golf Course shall be collected, received and handled and expended as trust funds for the Town exclusively by SGM through the Operating Account. SGM shall submit a check request to the Town for all expenditures to be drawn out of the Operating Account. All deposits and expenditures for capital expenditures, if any, shall be collected, received, handled, and expended by SGM through a capital account ("Capital Account"). All checks drawn on the Capital Account shall require the signature of both parties hereto. For purposes of this subsection (p), the signatures of the Town shall be the Town Manager or the Town Director of Finance. The records and bank statements of the Operating Account and Capital Account shall be subject to the inspection and review of the parties hereto.

(q) Managerial Prerogatives. In fulfilling its managerial duties, SGM shall have all the prerogatives ordinarily accorded to management in the ordinary course of commerce, the incurring of trade debts, the approval and payment of checks, and the negotiating and signing of purchase orders and service agreements with vendors, provided that no purchase order or service agreement shall exceed the term of this Agreement without Town's written approval. Notwithstanding anything to the contrary herein, SGM shall have no right, without the prior written approval of Town, in each instance, to pledge the credit of Town, to lease or otherwise grant, mortgage, pledge, assign, transfer or convey any interest in any part of the Golf Course or any interests appurtenant thereto. In this connection, SGM shall be responsible for advising all vendors and suppliers that SGM, in the performance of its management duties for the Golf Course, is acting as such in the capacity of an independent contractor and not as an employee or agent of Town.

(r) Other Duties and Prerogatives. Notwithstanding anything to the contrary in this Agreement, from and after Commencement Date of this Agreement, SGM shall have the duty, obligation, responsibility and authority to perform any act that is necessary to operate and manage the Golf Course in a manner consistent with other public Golf Course facilities in Riverside and San Bernardino counties with similar fees, charges and facilities, and in the execution of such duty, obligation, responsibility and authority, SGM shall be permitted, subject to the provisions contained herein, (i) to determine operating policies and procedures, standards of operation, standards of service and maintenance, pricing (subject to the requirement that pricing of services shall be reasonably consistent with market rates for comparable public Golf Course facilities in Riverside and San Bernardino counties, comparable services at such facilities), hours of operation and other policies affecting the Golf Course or the operation thereof, (ii) to implement all such policies and procedures, and (iii) to perform any other act

necessary or desirable for the operation and maintenance of the Golf Course which are consistent with good Golf Course management practices and are reasonably designed to provide for the well-being of the Golf Course and SGM.

(s) Emergency Expenditures. In the event that an emergency condition exists at the Golf Course that threatens the health or safety of the public or employees, SGM has the authority to close the Golf Course to the public and immediately notify any applicable authorities, including the Town. SGM shall be authorized to make emergency expenditures up to \$2,500.00 to repair and correct any such condition, whether or not such provisions have been made in the applicable budgets therefor for any such emergency expenditures. SGM shall notify Town immediately and in no event later than within twenty-four (24) hours of the existence of any such event after SGM's discovery of same.

(t) Expenditures Required for Compliance with Law. In the event that at any time after the commencement of this Agreement, repairs, additions, changes or corrections in the Golf Course of any nature shall be required by reason of any laws, ordinance, rules or regulations now or hereafter in force or by order of any governmental power, department, agency, authority or officer, such repairs, additions, changes or corrections shall be made at the direction of SGM, after approval by Town and shall be paid for as an operating expense. Any such repairs, additions, changes or corrections shall be accomplished with as little hindrance to the operation of the Golf Course as possible.

(u) Public Relations. In the pursuit of the foregoing responsibilities, SGM shall use its best efforts to maintain good relationships between users and customers of the Golf Course facilities and the Town and SGM. In pursuit of the objective, SGM shall insure that its employees are trained in good customer relations practices and provide cordial, cheerful, prompt service to the public at the Golf Course, maintain clean and neat grooming and dress habits and in other ways portray professional, clean and cordial public images. In addition, as requested by Town, SGM shall send a management level employee to meetings with the Town Manager or meetings of the Town to report on Golf Course play, Golf Course marketing or other issues or problems which may arise from time to time. In addition, on request of the Town Manager, SGM shall prepare and deliver to the Town Manager other written reports, not described hereinabove, as may be necessary or required by the Town Manager.

(v) Working Capital Advances. SGM acknowledges that Town expects SGM to manage the cash flow and operation of the Golf Course within the confines of the Annual Operating Budget. Notwithstanding the foregoing, SGM may request Town to make an advance to meet working capital requirements for the operation of the Golf Course in the event the Net Operating Income and any reserves set aside to meet revenue deficiencies are insufficient to meet the day to day Operations Expenses of the Golf Course. Town shall not be obligated to make such advances, provided, however, that Town acknowledges that the failure to make such advances may result in a reduction in the level of staffing and resources available at the Golf Course.

Section 4. Compliance with Applicable Laws. SGM shall be solely responsible for the operation of the Golf Course in compliance with all applicable federal and state laws. At the request of SGM, Town will provide guidance on the applicability of any local laws on the operation of the Golf Course.

Section 5. Management Fee. From the Commencement Date of this agreement and continuing throughout the first three (3) years of the term, SGM shall be paid a fee for the management of the operations of the Golf Course of \$8,000.00 per calendar month, payable in advance on the first day of each calendar month. Should the Commencement Date occur on a date other than the first of the month, the Management Fee shall be pro-rated on a daily basis on a ratio of remaining days in the month as the same bears to the total days in the month. Beginning at the conclusion of the third year of the term, a Consumer Price Index (CPI) adjustment will be made to the Management Fee per calendar month based on the previous twelve (12) months' CPI data as indicated for the Los Angeles-Riverside-Orange County, CA CPI area for each of the remaining two (2) years of the term. Should both parties agree to extend this Agreement's initial term of five (5) years, the annual CPI adjustments to the Management Fee shall continue into the years of the extended term or terms as if there is no break in time for the consecutive terms of this Agreement.

Section 6. Town's Covenants and Representations. Town covenants and represents that Town is authorized to enter into this Agreement by appropriate Resolution of the Town.

Section 7. SGM's Covenants and Representations. SGM makes the following representations to Town, which representations shall, unless otherwise stated herein, survive the execution and delivery of this Agreement:

(a) **Corporate Status.** SGM is a corporation duly organized, validly existing and in good standing under the laws of the State of California, with full corporate power to enter into this Agreement and execute all documents required hereunder.

(b) **Authorization.** The making, execution, delivery and performance of this Agreement by SGM has been duly authorized and approved by all requisite actions of the Corporation, and this Agreement has been duly executed and delivered by SGM and constitutes a valid and binding obligation of SGM, enforceable in accordance with its terms.

(c) **Violation of Representations.** From and after the date hereof and until the termination of this Agreement, SGM shall not take any action or omit to take any action which would have the effect of violating any of the representations of SGM contained in this Agreement.

(d) **Violation of Agreement.** Neither the execution and delivery of this Agreement by SGM nor SGM's performance of its obligations hereunder will result in a violation or breach of any term of provision or constitute a default or accelerate the performance required under any other agreement or document to which SGM is a party or is otherwise bound or to which the facility or any part thereof is subject and will not constitute a violation of any law, ruling, regulation or order to which SGM is subject.

Section 8. Fire Insurance and Extended Coverage. As of the Commencement Date of this Agreement and continuing throughout the term of this Agreement, Town shall procure and maintain in force insurance coverage on the improvements and personal property against loss or damage by fire, lightning, flood, earthquake, and all other risks covered by the usual standard extended coverage endorsements, in such amounts and coverage, and with such deductible limits as established by Town. Insurance against loss or damage from explosion of boilers, pressure

vessels, pressure pipes and sprinklers, to the extent applicable, installed in the improvements shall also be included in above described insurance coverage. Town may provide the foregoing coverage pursuant to Town's participation in a self-insured risk pool with other public agencies.

Section 9. Indemnification.

(a) Indemnification by Town. Town shall indemnify, defend and hold SGM harmless from and against all liability of any nature whatever, regardless of the nature in which such liability may arise, for any and all claims, actions, demands, expenses, damages, losses, liabilities, suits and/or judgments solely and directly arising from (i) the breach of any covenant or obligation of Town pursuant to this Agreement; or (ii) the negligent acts or willful misconduct of Town, its agents, contractors, employees or officers with respect to the Golf Course either before or after the Commencement Date.

(b) Indemnification by SGM. SGM shall indemnify, defend and hold Town, its officials, officers, directors, employees, contractors, agents and volunteers harmless from and against all liability of any nature whatever, regardless of the nature in which such liability may arise, for any and all claims, actions, demands, expenses, damages, losses, liabilities, suits and/or judgments arising from (i) the breach of any covenant or obligations of SGM pursuant to this Agreement, including any claim arising pursuant to Section 3(h); (ii) the negligent act, omissions or willful misconduct of SGM or its agents, contractors, employees or officers; or (iii) the use or occupancy of the Golf Course by SGM or any of its agents, contractors, employees or officers during the term of this Agreement.

Section 10. Assignment. Neither party shall assign its rights or obligations under this Agreement, whether voluntarily or by operation of law, without the prior written consent of the other party.

Section 11. Termination. The term of this Agreement shall terminate as set forth below:

(a) Termination by Town. Town shall have the right to terminate this Agreement for cause upon thirty (30) days' written notice to SGM. Said written notice shall describe in reasonable detail any failure of SGM to observe or perform any material covenant, agreement, term or provision of this Agreement. At the request of SGM, Town shall meet and confer with SGM as to whether such failure can be adequately cured to the satisfaction of Town, in its sole and absolute discretion, within the notice period. Town's termination notice shall specify the effective date of such termination, which date shall not be more than sixty (60) days after the date of Town's termination notice. Town may immediately terminate and take possession of the Golf Course in the event that any failure to comply with this Agreement by SGM results in an imminent threat to public health or safety.

(b) Termination by SGM. SGM shall have the right to terminate this Agreement with cause upon not less than thirty (30) days' written notice to Town. Said written notice shall describe in reasonable detail any failure of Town to observe or perform any material covenant, agreement, term or provision of this Agreement. At the request of Town, SGM shall meet and confer with Town as to whether such failure can be adequately cured to the satisfaction of SGM, in its sole and absolute discretion, within the notice period. SGM's termination notice shall

specify the effective date of such termination, which date shall not be more than sixty (60) days after the date of SGM's termination notice.

(c) Effect of Termination. Termination of this Agreement under the provisions of this Section 11 shall not affect the rights of the terminating party with respect to any damages it has suffered as a result of any breach of this Agreement, nor shall it affect the rights of either party with respect to any liability or claims accrued, or arising out of events occurring, prior to the effective date of termination.

(d) Remedies Cumulative. Neither the right of termination, nor the right to sue for damages, nor any other remedy available to a party under this Agreement shall be exclusive of any other remedy given under this Agreement or now or hereafter existing at law or in equity.

Section 12. Arbitration. Any dispute arising under this Agreement, including, without limitation, all disputes relating in any manner to the performance or enforcement of this Agreement shall be resolved by binding arbitration in the County of San Bernardino, California, pursuant to the rules of Judicial Arbitration and Mediation Services ("JAMS"), as amended or as augmented in this Agreement ("Rules"). Arbitration shall be initiated as provided by the Rules, although the written notice to the other party initiating arbitration shall also include a description of the claim(s) asserted and the facts upon which the claim(s) are based. Arbitration shall be final and binding upon the parties and shall be the exclusive remedy for all claims subject hereto, including any award of attorney's fees and costs. Either party may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. All disputes shall be decided by a single arbitrator. The arbitrator shall be selected by mutual agreement of the parties within thirty (30) days of the effective date of the notice initiating the arbitration. If the parties cannot agree on an arbitrator, then the complaining party shall notify JAMS and request selection of an arbitrator in accordance with the Rules. The arbitrator shall have only such authority to award equitable relief, damages, costs, and fees as a court would have for the particular claim(s) asserted. In no event shall the arbitrator award punitive damages of any kind. The parties acknowledge that one of the purposes of utilizing arbitration is to avoid lengthy and expensive discovery and allow for prompt resolution of the dispute. The arbitrator shall have the power to limit or deny a request for documents or a deposition if the arbitrator determines that the request exceeds those matters which are directly relevant to the claims in controversy. The document demand and response shall conform to Code of Civil Procedure section 1282.6. The deposition notice shall conform to Code of Civil Procedure section 1283. The parties may make a motion for protective order or motion to compel before the arbitrator with regard to the discovery, as provided in Code of Civil Procedure. Notwithstanding the election by the parties to arbitrate their disputes, nothing contained herein shall prevent a party from filing an action in a court of competent jurisdiction to seek any form of equitable remedy or relief.

Section 13. Entire Agreement. This Agreement embodies the entire agreement and understanding of Town and SGM relating to the subject matter hereof and supersedes all prior representations, agreements and understandings, oral or written, relating to such subject matter. Neither this Agreement nor any provision hereof may be amended, enlarged, modified, waived, discharged or terminated orally, but only as expressly provided herein or by an instrument signed by Town and SGM.

Section 14. Miscellaneous.

(a) Notices. Any notices or other communications required or permitted hereunder shall be sufficiently given if in writing and (i) delivered personally, or (ii) sent by via commercial overnight courier, addressed as shown below, or to such other addresses as the party concerned may substitute by written notice to the other. All notices shall be deemed received on the date of delivery.

If to the Town: Frank Robinson, Town Manager

 Town of Apple Valley

 14955 Dale Evans Parkway

 Apple Valley, CA 92307

With copy to: John E. Brown

 Apple Valley Town Attorney

 Best Best & Krieger LLP

 2855 E. Guasti Road, Suite 400

 Ontario, CA 91761

If to SGM: Mr. Jeff Christensen

 Sierra Golf Management, Inc.

 P.O. Box 788

 Chowchilla, CA 93610

The addresses and addressees may be changed by giving notice of such change in a manner provided herein for giving notice. Unless arid until such written notice is received, the last address and addressee given shall be deemed to continue in effect for all purposes.

(b) Survival. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of (i) this Agreement, and (ii) all other documents and instruments to be executed and delivered In accordance herewith and shall continue in full force and effect.

(c) Approvals Reasonable. Any consent or approval referred to herein (by whatever words used) of either party shall not be unreasonably withheld or delayed, and neither party shall seek or obtain any payment in connection therewith as a condition therefor. In the event that either party refuses to give its consent or approval to any request by the other, such refusing party shall indicate by written notice to the other the reason for such refusal.

(d) Construction and Interpretation of Agreement. This Agreement shall he governed by and construed under the laws of the State of California. Should any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of the rule or conclusion that a document should be construed more strictly against the party who itself or through its agent prepared the same, it being agreed that all parties hereto have participated in the preparation of this Agreement and that legal counsel was consulted by each responsible party before the execution of the Agreement.

(e) Amendment and Waiver. The Agreement may not be amended or modified in any way except by an instrument in writing executed by all parties hereto; provided however, either Town or SGM may, in writing, (i) extend the time for performance of any of the obligations of the other, (ii) waive any inaccuracies and representations by the other contained in this Agreement, (iii) waive compliance by the other with any of the covenants contained in this Agreement, and (iv) waive the satisfaction of any condition that is precedent to the performance by the party so waiving of any of its obligations under this Agreement.

(f) Severability. Except as expressly provided to the contrary herein, each Section, part, term or provision of this Agreement shall be considered severable, and if for any reason any Section, part, term or provision herein is determined to be invalid and contrary to or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, such determination shall not impair the operation of or have any other effect on other sections, parts, terms or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid paragraphs, parts, terms or provisions shall be deemed not to be a part of this Agreement.

(g) Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and assigns, where permitted.

(h) Legal Fees. The prevailing party in any action or arbitration brought to enforce the terms of this Agreement shall be entitled to an award of its reasonable legal fees and costs.

(i) Governing Document. This Agreement shall govern in the event of any inconsistency between this Agreement and any of the exhibits attached hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

TOWN OF APPLE VALLEY
A California Municipal Corporation

By: _____

Frank Robinson, Town Manager

SIERRA GOLF MANAGEMENT, INC.

A California Corporation

By: _____

Jeff Christensen, President

EXHIBIT "A"
MAP OF GOLF COURSE AND FACILITIES





EXHIBIT “B”
ANNUAL OPERATIONS BUDGET

TOWN OF APPLE VALLEY

FY 2014-2015

GOLF COURSE ENTERPRISE FUND

TOTAL BUDGET - \$ 1,154,933

This fund accounts for the costs of providing golf to the general public and the user charges by which these costs are recovered.

GOLF COURSE ENTERPRISE FUND 5710							
Code	Revenue Classification	Actual Revenue 2011-12	Actual Revenue 2012-13	Amended Budget 2013-14	Estimated Revenue 2013-14	% of Budget Received	Adopted Budget 2014-15
BEGINNING FUND BALANCE		(3,292,387)	(1,072,595)	(1,709,130)	(1,709,130)		(1,709,130)
4181	Refunds, Reimb & Rebates	83,239	1,879	-	-		-
4183-5000	Gain on Purchase of Fixed Asset	2,900,000	-	-	-		-
4184	Cash over/short	133	-	-	-		-
5700	Cell Tower Rents	-	-	-	-		27,000
6420	Green Fees	624,074	554,915	821,100	821,100	100.0%	821,100
6470	Food & Beverage Sales	3,238	-	6,500	6,500	100.0%	6,500
6480	Golf Course Events	6,507	(3,876)	10,000	10,000	100.0%	10,000
6490	Other Golf Course Revenue	50,640	41,775	24,000	24,000	100.0%	24,000
6999	Transfer - 1001	-	-	333,892	333,892	100.0%	266,333
Total Revenues		3,667,832	594,694	1,195,492	1,195,492	100.0%	1,154,933
0000	Non-departmental						
7180	Uniform Expense	-	-	2,700	2,700	100.0%	2,700
7205	Advertising-Marketing	-	4,765	54,000	54,000	100.0%	54,000
7217	Credit Card Costs	8,355	7,767	56,200	56,200	100.0%	19,230
7235	Insurance	11,702	1,908	2,300	2,300	100.0%	2,300
7253	Mileage Exp/Allowance	405	-	1,300	1,300	100.0%	1,300
7259	Miscellaneous Costs	268	592	11,050	11,050	100.0%	11,050
7277	Printing	-	-	500	500	100.0%	500
7295-0849	Utilities:Water Usage	520	90	100	100	100.0%	100
7311	AVGC Charges	6,656	474	28,150	28,150	100.0%	28,150
7324	Gift Certificates	-	(1,272)	-	-		-
7332	Management Fee	-	-	72,000	72,000	100.0%	72,000
7360	Safety & Security	-	108	-	-		-
7377	Taxes-Property	11,282	-	-	-		-
8940	Contract Services	41,186	61,325	5,200	5,200	100.0%	1,560
8972-0402	Legal-BB&K	7,145	16,663	-	-		-
9065	Leased Equipment	642	1,811	-	-		-
9750	Depreciation	14,815	16,162	14,815	14,815		14,815
9860	Interest Expense	7,950	6,733	-	-		-
Sub-Total Non-departmental		110,926	117,125	248,315	248,315	100.0%	207,705
7700	Golf Club - Administrative						
7205	Advertising-Marketing	220	4,550	3,300	3,300	100.0%	3,300
7247	Membership & Dues	556	79	1,750	1,750	100.0%	1,750
7253	Mileage Exp/Allowance	5,665	3,387	29,350	29,350	100.0%	29,350
7259	Miscellaneous Costs	1,769	634	13,350	13,350	100.0%	13,350
7265	Office Supplies/Expense	143	1,190	450	450	100.0%	450
7271	Postage	425	-	3,250	3,250	100.0%	3,250

GOLF COURSE ENTERPRISE FUND 5710							
Code	Revenue Classification	Actual Revenue 2011-12	Actual Revenue 2012-13	Amended Budget 2013-14	Estimated Revenue 2013-14	% of Budget Received	Adopted Budget 2014-15
7277	Printing	283	52	550	550	100.0%	550
7295-0109	Utilities:Phone,Internet,Cell Phones	7,984	5,964	2,400	2,400	100.0%	2,400
7331	License & Fees	1,564	583	13,400	13,400	100.0%	13,400
7655	Building Maintenance	992	-	7,100	7,100	100.0%	7,100
8940	Contract Services	121,716	113,425	14,300	14,300	100.0%	14,300
9065	Leased Equipment	2,873	99	2,650	2,650	100.0%	2,650
	Sub-Total Golf Club - Administrative	144,189	129,963	91,850.00	91,850.00	100.0%	91,850.00
7710	Golf Club - Food & Beverage						
7223	Disposal Services	-	1,416	-	-	-	-
7259	Miscellaneous Costs	1,010	-	-	-	-	-
7295-0109	Utilities:Phone,Internet,Cell Phones	514	2,128	150	150	100.0%	150
7655	Building Maintenance	2,874	3,978	-	-	-	-
8940	Contract Services	-	-	7,100	7,100	100.0%	7,100
9065	Leased Equipment	-	131	-	-	-	-
	Sub-Total Golf Club -Food & Bevera	4,398	7,654	7,250	7,250	100.0%	7,250
7712	Golf Club - Cart Barn						
7360	Safety & Security	-	18	-	-	-	-
7655	Building Maintenance	2,020	443	3,200	3,200	100.0%	3,200
9026	Equipment Maintenance	16,988	20,370	18,750	18,750	100.0%	18,750
9065	Leased Equipment	54,350	47,333	44,950	44,950	100.0%	44,950
9140	Vehicle & Equipment Replacement	-	-	3,750	3,750	100.0%	3,750
	Sub-Total Golf Club - Cart Barn	73,358	68,165	70,650	70,650	100.0%	70,650
7714	Golf Club - Golf Course Grounds						
7180	Uniform Expense	7,658	6,639	13,900	13,900	100.0%	13,900
7223	Disposal Services	2,527	-	4,800	4,800	100.0%	4,800
7241	Meetings & Conferences	700	1,250	1,100	1,100	100.0%	1,100
7253	Mileage Exp/Allowance	44	-	50	50	100.0%	50
7259	Miscellaneous Costs	594	1,434	950	950	100.0%	950
7271	Postage	11	-	50	50	100.0%	50
7295-0109	Utilities:Phone,Internet,Cell Phones	2,845	2,379	850	850	100.0%	850
7295-0847	Utilities:Electricity Usage	54,185	46,043	14,500	14,500	100.0%	14,500
7295-0849	Utilities:Water Usage	177,261	138,268	86,300	86,300	100.0%	86,300
7331	License & Fees	1,773	3,474	6,550	6,550	100.0%	6,550
7353	Range Supplies	66,716	2,117	174,450	174,450	100.0%	174,450
7360	Safety & Security	387	93	1,000	1,000	100.0%	1,000
7655	Building Maintenance	652	1,337	1,800	1,800	100.0%	1,800
7755	Grounds Maintenance	87,589	87,897	162,450	162,450	100.0%	162,450
7970	Small Tools	2,072	2,743	2,300	2,300	100.0%	2,300
8940	Contract Services	305,659	280,496	33,500	33,500	100.0%	33,500
9026	Equipment Maintenance	16,061	30,774	17,850	17,850	100.0%	17,850
9052	Gasoline, Diesel, Oil	5,096	20,586	5,650	5,650	100.0%	5,650
9065	Leased Equipment	31,745	1,460	24,400	24,400	100.0%	24,400
9091	Vehicle Maintenance	211	188	200	200	100.0%	200
	Sub-Total Golf Course Grounds	763,786	627,178	552,650	552,650	100.0%	552,650

GOLF COURSE ENTERPRISE FUND 5710							
Code	Revenue Classification	Actual Revenue 2011-12	Actual Revenue 2012-13	Amended Budget 2013-14	Estimated Revenue 2013-14	% of Budget Received	Adopted Budget 2014-15
7716	Golf Club - Golf Course Facilities						
7010	Salaries Regular	4,231	1,616	1,620	1,620	100.0%	1,630
7030	Overtime	35	14	-	-		-
7110	Cafeteria and other Benefits	630	268	282	282	100.0%	300
7120	Deferred Comp	62	-	-	-		-
7150	Medicare	63	25	24	24	100.0%	25
7160	PERS	989	328	351	351	100.0%	373
7180	Uniform Expense	442	342	600	600	100.0%	600
7223	Disposal Services	4,116	1,525	4,550	4,550	100.0%	4,550
7295-0847	Utilities:Electricity Usage	43,461	44,674	13,100	13,100	100.0%	13,100
7295-0848	Utilities:Natural Gas Usage	8,012	7,941	2,400	2,400	100.0%	2,400
7295-0849	Utilities:Water Usage	7,466	1,945	2,100	2,100	100.0%	2,100
7360	Safety & Security	1,634	1,305	1,350	1,350	100.0%	1,350
7655	Building Maintenance	79,257	12,505	104,600	104,600	100.0%	104,600
8940	Contract Services	96,139	131,764	9,300	9,300	100.0%	9,300
	Sub Total Golf Course Facilities	246,535	204,251	140,277	140,277	100.0%	140,328
7722	Golf Club - Pro Shop						
7180	Uniform Expense	294	1,036	2,000	2,000	100.0%	2,000
7205	Advertising-Marketing	11,294	-	44,500	44,500	100.0%	44,500
7271	Postage	-	-	600	600	100.0%	600
7277	Printing	2,021	228	5,000	5,000	100.0%	5,000
7295-0109	Utilities:Phone,Internet,Cell Phones	1,152	571	400	400	100.0%	400
7331	License & Fees	110	-	300	300	100.0%	300
7360	Safety & Security	204	48	900	900	100.0%	900
7655	Building Maintenance	7,432	5,154	21,700	21,700	100.0%	21,700
8940	Contract Services	79,956	69,282	9,000	9,000	100.0%	9,000
	Sub Total Golf Club - Pro Shop	102,464	76,318	84,400	84,400	100.0%	84,400
7726	Golf Club - Tennis Court						
7259	Miscellaneous Costs	100	-	-	-		-
7295-0109	Utilities:Phone,Internet,Cell Phones	422	460	100	100	100.0%	100
7331	License & Fees	812	-	-	-		-
7770	Sports Fields Light Maintenance	158	115	-	-		-
9026	Equipment Maintenance	892	-	-	-		-
	Sub Total Golf Club - Tennis Court	2,383	575	100	100	100.0%	100
	Total Expenditures	1,448,040	1,231,229	1,195,492	1,195,492	100.0%	1,154,933
	ENDING FUND BALANCE	(1,072,595)	(1,709,130)	(1,709,130)	(1,709,130)	100.0%	(1,709,130)
	Less Capital Assets	1,506,995	1,489,833	1,473,671	1,473,671		1,473,671
	TOTAL FUND BALANCE LESS CAPITAL ASSETS	(2,578,590)	(3,198,963)	(3,182,801)	(3,182,801)	100.0%	(3,182,801)

<u>Personnel Schedule</u>	<u>Actual 2011-12</u>	<u>Actual 2012-13</u>	<u>Actual 2013-14</u>	<u>Adopted 2014-15</u>
Parks & Recreation Manager	0.02	0.00	0.00	0.00
Sr. Maintenance Worker	0.02	0.02	0.02	0.02
Maintenance Worker II	0.01	0.00	0.00	0.00
Maintenance Worker I	0.01	0.01	0.01	0.01
Total FTE's:	0.06	0.03	0.03	0.03