

**TOWN OF
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

APPLE VALLEY GOLF COURSE FIRST QUARTER OPERATING REVENUE & EXPENSES

SUMMARY STATEMENT:

Attached is a summary of all Revenue and Expenditures for the First Quarter of Fiscal Year 2010-11.

Although included as notes at the bottom of the worksheet, I would like to clarify a few of the categories as they relate to the operations of the course and related facilities.

1. The Food and Beverage operations seem to be operating near breakeven but as they relate to budget the revenue represents only 18% of budget while the expenditures for the operations represent 29% of budget. Staff is currently examining ways to improve this scenario and will be reporting back to council within the next month for possible improvements in this area.
2. Grounds Maintenance is also far exceeding the amount budgeted. While this was anticipated because the summer maintenance and water expense are far higher during the summer months it exceeds our expectations. During the next 9 to 10 months, this expense is anticipated to decrease significantly. However, it is important to note that of the \$298,208 in expenses, water represents \$187,400 or 62% of the total grounds maintenance expense.
3. For informational purposes, the Non-Departmental line item includes Advertising/Marketing, Insurance, Management Fee, Taxes, and Miscellaneous Contract Services.
4. Another important factor is that rounds played and revenue from the golf course is above the 25% of budget and the management has stated that this continues to improve with several tournaments and large groups lined up during the fall.
5. In relationship to the Pro Shop, staff feels that once the Golf Course can offer logo related items for sale, additional lines of equipment and miscellaneous items, sales will increase as well.

Recommended Action:

Receive and File – Information Only

Proposed by: Kevin N. Smith, Interim Finance Director

Item Number _____

T.M. Approval: _____ **Budgeted Item:** Budgeted Item Yes No N/A

In summary, the overall operations of the Golf Course and Facilities, is a little short (22% versus 25%) on the revenue side but can improve with some recommendations that will be formulated and presented in the following month. The other side of the coin, expenditures are below projections (22% versus 25%). This is even more positive if the water issue is settled. Without the single line item of water the 22% expenditure level would be reduced to 15%.

Apple Valley Golf Course - First Quarter Operating Revenue & Expenses

Revenue:	Adopted Annual Budget	1st Quarter Adopted Budget	1st Quarter Actual	Percentage of 1st Quarter
Green Fees	653,522	163,381	173,892	106%
Pro Shop	85,658	21,415	8,080	38%
Food & Beverage	474,080	118,520	84,448	71%
Events	-	-	(1,444)	
Other	62,623	15,656	16,983	108%
Total	1,275,883	318,971	281,959	88%

Expenditures	Adopted Annual Budget	1st Quarter Adopted Budget	1st Quarter Actual	Percentage of 1st Quarter
Non-Departmental*	342,952	85,738	15,885	19%
Administration	224,850	56,213	31,841	57%
Food & Beverage*	267,636	66,909	77,262	115%
Cart Lease and Maint.	93,500	23,375	16,558	71%
Grounds*	525,150	131,288	298,208	227%
Facilities	260,800	65,200	44,227	68%
Pro Shop	164,748	41,187	27,049	66%
Sub-Total	1,879,636	469,909	511,030	109%
Legal	375,000	93,750	61,633	66%
Debt Service	200,000	50,000	48,476	97%
Well	400,000	100,000	-	0%
Total	2,854,636	713,659	621,139	87%
Profit/(Loss)	(1,578,753)	(394,688)	(339,180)	86%

Notes: Food & Beverage are out of proportion (staff is reviewing possible solutions).

Grounds Maintenance is also out but will equal out over the year as maintenance and utility cost decrease significantly in the winter. Ranchos Water accounts for \$187,400 or 62% of total expenses.

Non-Departmental: Includes Advertising, Insurance, Management Fee, Taxes, Miscellaneous Contract Services.

Any Revenues exceeding 100% is positive; Any Expenditures exceeding 100% is negative.