

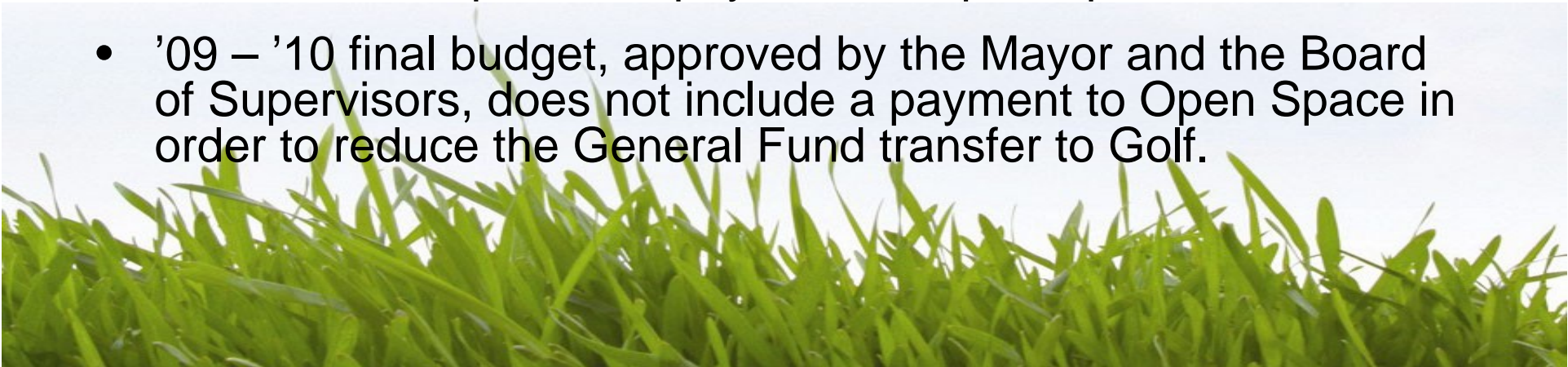


Recreation and Park Department Golf Fund Update December 3, 2009



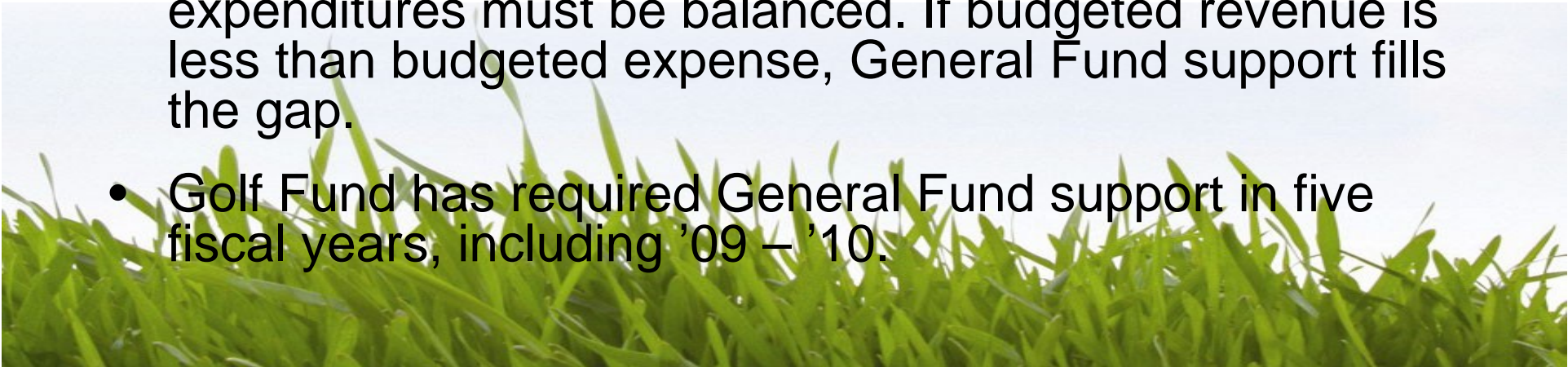


Golf Fund Primer

- Golf Fund operating budget uses index codes to track revenue and expense for each golf course. Accounting structure provides accountability and clarity for finances of each course.
 - Golf Fund has three components: operating, annual capital and continuing capital.
 - Each year staff develops a revenue and expense budget for each golf course.
 - Per '02 ordinance creating Golf Fund, Harding budget includes operations and maintenance, a set aside for a capital reserve and, if possible, payment to Open Space Fund.
 - '09 – '10 final budget, approved by the Mayor and the Board of Supervisors, does not include a payment to Open Space in order to reduce the General Fund transfer to Golf.
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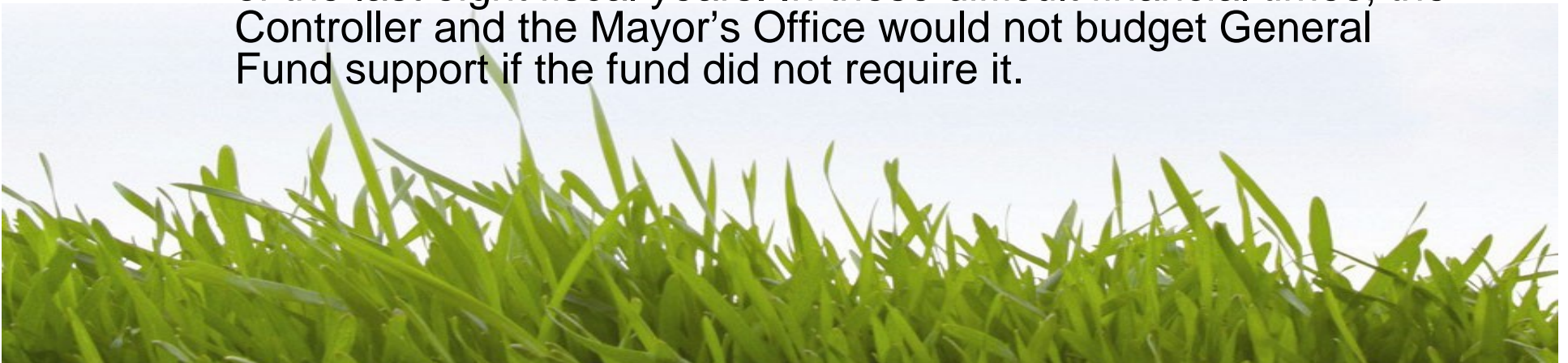
Golf Fund Primer, Cont'd

- Golf Fund supports its share of department overhead based on the department's certified cost allocation plan.
 - Includes water, electricity, workers' comp, fuel and telephone.
 - Golf Fund is treated the same as all other funds in allocation of overhead costs.
 - Golf Fund also supports a portion of the city's overhead, such as the Mayor's Office and Controller's centralized accounting and payroll, through County Wide Cost Allocation Plan (COWCAP).
 - In a special fund such as Golf Fund, total revenue and expenditures must be balanced. If budgeted revenue is less than budgeted expense, General Fund support fills the gap.
 - Golf Fund has required General Fund support in five fiscal years, including '09 – '10.
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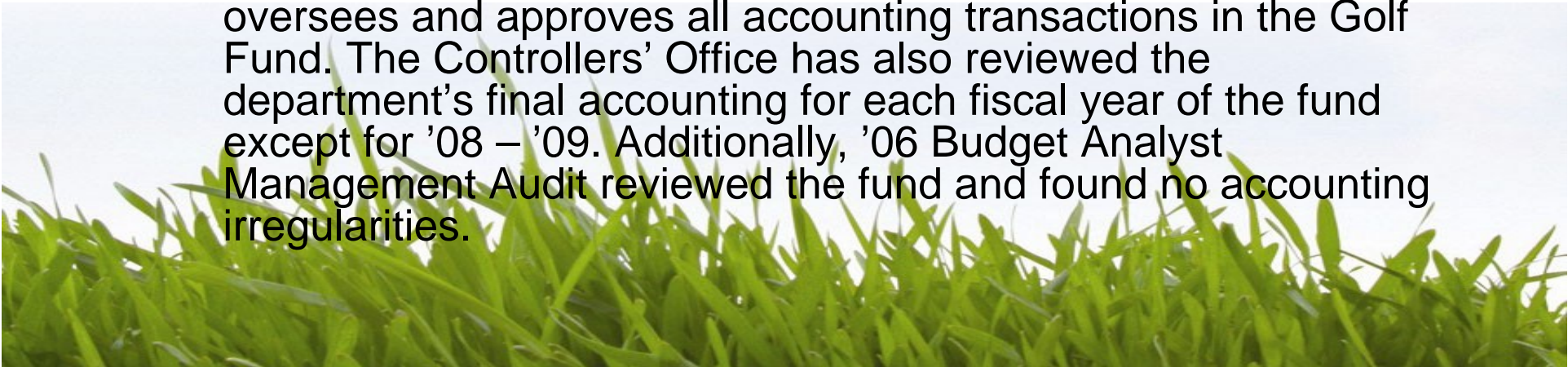
Myths About the Golf Fund

- Prior to creation of the Golf Fund, the golf courses generated net revenue for the General Fund.
 - This assumption was widely held but never documented. While in the General Fund, golf course expenses such as facility maintenance staff, overhead and COWCAP were never attributed to golf. Prior to the creation of the Golf Fund, there was no accounting for the true costs of operating the golf courses.
- The Golf Fund can cover its operating expenses.
 - Due to the fact that budgeted revenue did not meet budgeted expenditures, the fund has required General Fund support in five of the last eight fiscal years. In these difficult financial times, the Controller and the Mayor's Office would not budget General Fund support if the fund did not require it.





More Myths About the Golf Fund

- RPD has ignored the 2002 ordinance creating the Golf Fund.
 - Each year since 2002 the department has met the three annual requirements established in the ordinance, submitting a budget which 1.) funds the operations and maintenance of the courses, 2.) sets aside a capital improvement fund for Harding and 3.) includes a payment to the Open Space Fund. In the current fiscal year, the Mayor and the Board of Supervisors approved a budget that deferred the payment to the Open Space Fund.
 - RPD is practicing “funny” accounting in the Golf Fund
 - The department has abided by all city requirements, practices and procedures in its fund accounting. The Controller’s Office oversees and approves all accounting transactions in the Golf Fund. The Controllers’ Office has also reviewed the department’s final accounting for each fiscal year of the fund except for ’08 – ’09. Additionally, ’06 Budget Analyst Management Audit reviewed the fund and found no accounting irregularities.
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FY 09-10 GOLF BUDGET - FINAL

DESCRIPTION	HARDING/FLEMING	LINCOLN	SHARP	GOLDEN GATE	MCLAREN	GOLF OPERATING	Total FY 09-10 Budget
REVENUE							
GOLF FEES	4,853,710	1,000,000	1,158,000	530,000		345,000	7,886,710
PGA TOURNAMENT	500,000						500,000
CONCESSIONS	2,734,350	80,000	125,000	210,000	50,000	0	3,199,350
ADVANCED RESERVATION FEES	100,000	0					100,000
INTEREST EARNED				0		10,000	10,000
GENERAL FUND SUPPORT						828,510	828,510
REVENUE TOTAL	8,188,060	1,080,000	1,283,000	740,000	50,000	1,183,510	12,524,570
EXPENDITURE							
PERMANENT SALARIES	1,732,594	682,833	644,549	153,958	0	(9,546)	3,204,388
MANDATORY FRINGE BENEFITS	617,936	245,585	231,366	53,310	0	(1,129)	1,147,068
OVERHEAD	721,819	290,282	274,583	67,944	0	481,228	1,835,856
City Indirect Cost Reimbursement						481,228	481,228
Department Overhead	721,819	290,282	274,583	67,944	0	0	1,354,628
PROF & SPECIAL SERVICES	4,137,212	0	138,000	346,062	0	0	4,621,274
GGP Management Fee				300,000			300,000
GGP - Driving Cage Payments				13,062			13,062
Kemper Management Fee	192,000						192,000
Harding Reimbursables	3,656,220						3,656,220
Kemper Incentive Fee	77,780			33,000			110,780
Repayment of Kemper Loan	211,212						211,212
San Mateo Mosquito Abatement			48,000				48,000
Sharp water wheeling			90,000				90,000
RENT/LEASES EQUIPMENT	323,373					15,976	339,349
OTHER CURRENT EXPENSES	6,900	4,350	3,300	450			15,000
MATERIALS & SUPPLIES	203,375	83,480	83,479	14,206			384,540
- M & S	203,375	83,480	83,479	14,206			
EQUIPMENT			0				0
SERVICES OF OTHER DEPTS.	281,000	0	0	0	0	303,568	584,568
City Attorney - Legal Services	276,000					0	276,000
CS - Machinist						272,000	272,000
PUC-Sewer storm drain cleaning	5,000						5,000
Controller's Audit Fee						31,568	31,568
REPAYMENT TO OPEN SPACE	0						0
CAPITAL FUND	392,526					0	392,526
CAPITAL FUND	290,000					0	290,000
	100,000						100,000
Audit	2,526						2,526
EXPENDITURE TOTAL	8,416,735	1,306,530	1,375,277	635,930	0	790,097	12,524,569
Surplus/Deficit	(228,675)	(226,530)	(92,277)	104,070	50,000	393,413	1



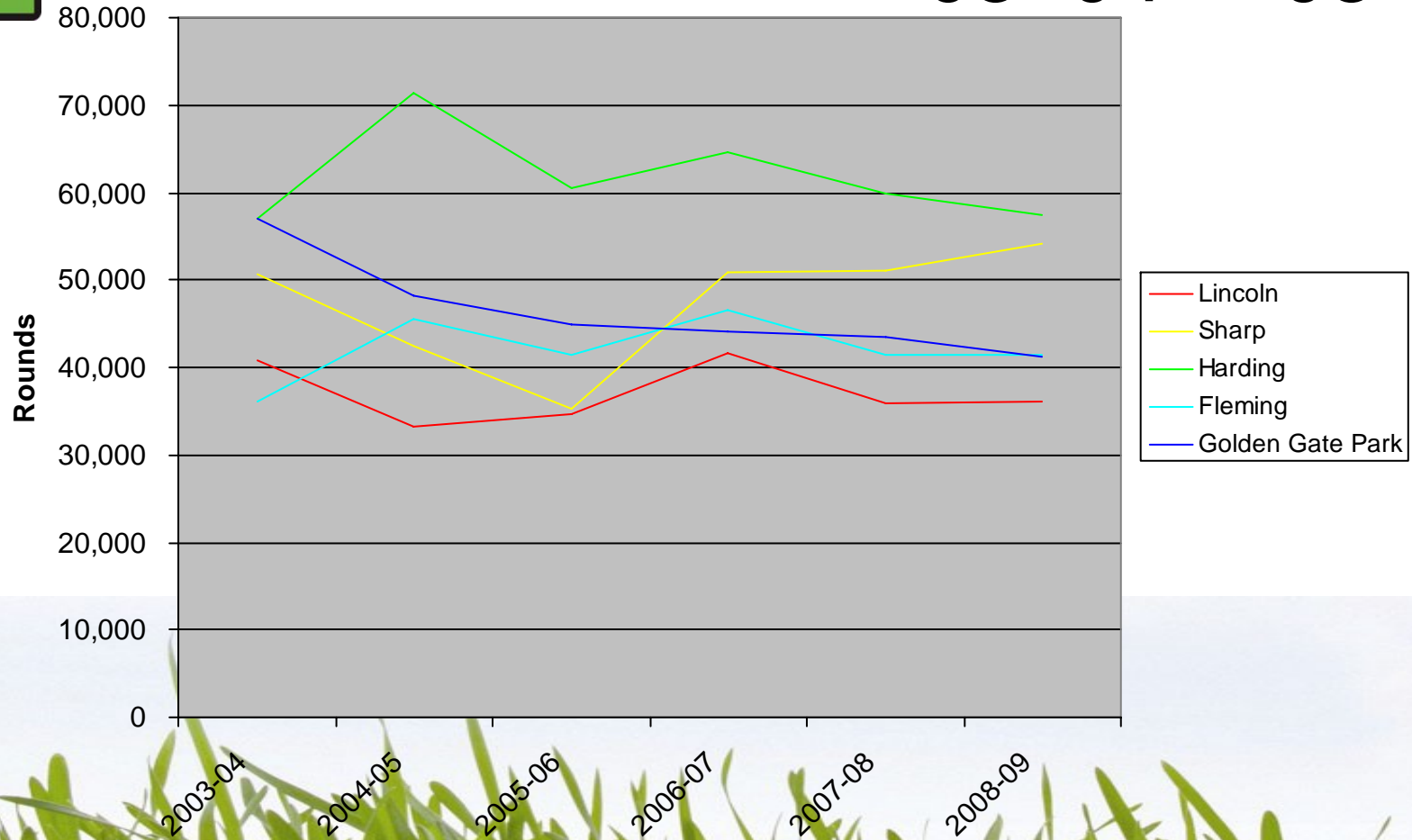
Financial Summary

'02-'03 – '08-'09

	02 - 03	03 - 04	04 - 05	05 - 06	06 - 07	07 - 08	08 - 09
Revenue	3.520	7.150	8.006	8.825	10.354	11.121	11.625
Fund Balance	0	0	0	0	0	0	.572
Expenditures	3.520	6.813	8.785	10.445	11.323	12.411	11.659
GF Support	0	0	.536	1.568	1.391	1.293	0
Surplus/(Deficit)	0	.337	(.242)	(.052)	.422	.003	(.034)



Rounds by Course '03-'04 – '08-'09





Rounds by Course '03-'04 – '08-'09

	Harding	Fleming	Lincoln	Sharp	GGP	Total
03 – 04	57,070	36,060	40,845	50,676	57,109	241,760
04 – 05	71,425	45,456	33,274	42,549	48,298	241,002
05 – 06	60,464	41,052	34,748	35,195	44,823	216,732
06 – 07	64,552	46,544	41,672	50,775	44,110	247,653
07 – 08	59,994	41,456	35,873	51,151	43,535	232,009
08 – 09	57,514	41,436	36,205	54,072	41,166	230,393





Open Space Fund Payments to Date

'03 – '04	\$ 150,000
'04 – '05	329,000
'05 – '06	935,000
'06 – '07	1,417,000
'07 – '08	1,417,000
'08 – '09	583,500
'09 – '10	0
Total	\$4,831,000



Harding Capital Reserve

- \$1.4 million allocated
- \$112,000 expended
 - \$42,000 clubhouse repairs
 - \$70,000 golf course improvements
- \$1.3 million remaining
- All expenditures from the fund must be approved by the Director of Administration and Finance



President's Cup Facts and Figures

- 24 player field. U.S. team won!
- 135,000 people attended the tournament
- 28 hours of television coverage in 235 countries, reaching an estimated 550 million households
- Estimated \$80 million economic benefit to City of San Francisco, first American city to host the tournament other than Washington, D.C.
- 100% of net proceeds donated to charity.
- \$500,000 donated to First Tee program



President's Cup Finances

RPD Investment

Lost Revenue = \$677,000

Expenses = \$947,700

- Salaries and fringe benefits: \$364,800
- Structural maintenance staff: \$251,800
- M&S: \$276,600
- Contractual services: \$ 54,500

PGA Payment = \$1 million



October Great Month at Harding

- President's Cup Tournament has had a very positive impact on play at Harding
- Total rounds for the month exceeded budget by 14%, 455 rounds
- Total revenue for the month exceeded budget by \$52,400
- If good weather continues, it could be an excellent year



What's Next?

- Schwab Cup Tournament, November '10
- PGA has committed to four more tournaments between 2011 and 2020
- PGA has also committed to fund an agronomist for Harding for at least the next two years
- Current agreement with Kemper expires in August '10





What's Next?

- Making a decision about the future of Sharp Park
- Lincoln and Sharp continue on month to month leases
- RPD will provide a quarterly fund balance report detailing all three subfunds in the Golf Fund
- Preparing a Golf Fund budget for '10 – '11
- RPD will schedule annual reports to the Commission on the Golf Fund



Thank You

