

APPROVED

JUN 07 2017

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 17-137

DATE June 07, 2017

C.D. Various

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GOLF DIVISION – STATUS REPORT ON GOLF’S FOURTH, FIFTH AND SIXTH YEARS AS A SPECIAL FUND OPERATION; ALLOCATION OF FISCAL YEAR 2013-14, FISCAL YEAR 2014-15, AND FISCAL YEAR 2015-16 GOLF OPERATING INCOME; VARIOUS GOLF MATTERS

*AP Diaz 
R. Barajas _____
H. Fujita _____

V. Israel _____
N. Williams _____



General Manager

Approved

Disapproved _____

Withdrawn _____

RECOMMENDATIONS

1. Authorize the Department of Recreation and Park’s (RAP) Chief Accounting Employee to transfer Two Million, Four Hundred Sixty-Two Thousand, Three Hundred Seventy-Seven Dollars (\$2,462,377.00) from Golf Operation Account 89G401, Fund 52H, Department 89, to Golf Emergency Contingency Account 89G403, Fund 52H, Department 89, to fund unanticipated golf expenditures;
2. Authorize the RAP Chief Accounting Employee to re-establish the old appropriation Account 89770K, Armand Hammer Golf Course / Holmby Park, Fund 302, Department 89;
3. Authorize the RAP Chief Accounting Employee to transfer Eighty-Two Thousand, One Hundred Fifty-Seven Dollars and Twenty-Three Cents (\$82,157.23) from Golf Operation Account 89G401, Fund 52H, Department 89, to Armand Hammer Golf Course / Holmby Park Account 89770K, Fund 302, Department 89;
4. Authorize the RAP Chief Accounting Employee to transfer funds from Golf Operation Account 89G401, Fund 52H, Department 89, to Golf Capital Improvement Account 89G402, Fund 52H, Department 89, pursuant to Board Report 16-079; and
5. Authorize the RAP Chief Accounting Employee to make technical corrections as necessary to carry out the intent of this Report.

SUMMARYGolf Operating Income

On July 1, 2010, the City of Los Angeles (City), RAP Golf Division ceased receiving RAP General Fund support and began operating as a self-sustaining Division within RAP. The Golf Division became responsible for all costs, including indirect costs, related to the operations and maintenance of the City's golf facilities.

During Fiscal Year (FY) 2013-14, the Golf Division generated gross revenue of Twenty-Four Million, Six Hundred Thirty-Three Thousand, Six Hundred Nine Dollars (\$24,633,609.00) and a net operating income of Nine Hundred Sixty-Four Thousand, Nine Hundred Fifty-Six Dollars (\$964,956.00). During FY 2014-15, the Golf Division generated gross revenue of Twenty-Four Million, One Hundred Twenty-Four Thousand, Five Hundred Twenty-Nine Dollars (\$24,124,529.00) and a net operating income of One Million, One Hundred Thousand, Nine Hundred Eighty-Four Dollars (\$1,100,984.00). During FY 2015-16, the Golf Division generated gross revenue of Twenty-Three Million, Five Hundred Sixty Thousand, Seven Hundred Fifty-Two Dollars (\$23,560,752.00) and a net operating income of Six Hundred Thirty-Five Thousand, Nine Hundred Forty-Six Dollars (\$635,956.00) (Attachment A). Of the Six Hundred Thirty-Five Thousand, Nine Hundred Forty-Six Dollars (\$635,956.00) net income for FY 2015-16, Two Hundred Thirty-Nine Thousand, Five Hundred Nineteen Dollars (\$239,519.00) will be transferred to the Golf Capital Improvement Account 89G402, Fund 52H, Department 89 pursuant to Report No. 16-079. RAP is proposing that net operating income (after Board mandated transfer to the Golf Capital Improvement Account for FY 2015-16) for all three Fiscal Years, totaling Two Million, Four Hundred Sixty-Two Thousand, Three Hundred Seventy-Seven Dollars (\$2,462,377.00), be transferred to Golf's Emergency Contingency Account 89G403, Fund 52H, Department 89, to assist in funding unanticipated golf expenditures.

Armand Hammer / Holmby Park

On July 1, 2016, the Golf Division stopped maintaining and operating the Armand Hammer Golf Course / Holmby Park. Maintenance and operation of the golf course and the park were assumed by West Area Maintenance in the Pacific Region. Armand Hammer Golf Course / Holmby Park receives an annual donation of Eight Thousand Dollars (\$8,000.00) from the Armand Hammer Foundation. The funds are earmarked for capital improvement projects and are maintained in the Golf Operation Account. Since the Golf Division no longer operates and maintains the Armand Hammer Golf Course / Holmby Park, RAP is proposing transferring Eighty-Two Thousand, One Hundred Fifty-Seven Dollars, and Twenty-Three Cents. (\$82,157.23) from the Golf Operation Account 89G401, Fund 52H, Department 89, to Armand Hammer Account 89770K, Fund 302, Department 89.

Transfer of Golf Funds from Golf Operations to Golf Capital Improvement Account

Report No. 16-079, dated April 6, 2016, authorized the implementation of a capital contribution surcharge on every round of golf. The surcharge is \$1.00/round on 9-hole golf courses, \$2.00/round on 18-hole golf courses and \$2.50 per round on Rancho Park Golf Course. The capital contribution surcharge funds are to be utilized to fund necessary capital improvements at

the golf facilities. RAP is proposing authorizing the Chief Accounting Employee to transfer capital contribution surcharge fees from Golf Operation Account 89G401, Fund 52H, Department 89, to Golf Capital Improvement Account 89G402, Fund 52H, Department 89.

FISCAL IMPACT STATEMENT

There is no negative impact on the RAP General Fund, as all revenue is deposited to and expenses are paid from the Golf Operations Special Fund 52H.

This Report was prepared by Laura Bauernfeind, Golf Manager, Golf Division.

LIST OF ATTACHMENT(S)

- 1) Operating Income Statement

**CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS
Golf Division
Operating Income Statement**

REVENUE:	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Green Fees	\$ 17,746,096	\$ 17,042,044	\$ 16,417,656
Electric Golf Carts	3,739,559	3,735,598	3,743,934
Driving Ranges/Lessons - Self Operated	1,493,292	1,694,228	1,641,314
Other Golf Course Revenue	177,032	172,022	219,829
Reservation Office	485,316	524,675	501,737
Tregnan Junior Golf Academy	174,146	184,840	218,537
Driving Range/Pro Shop/Lessons - Concessions	183,000	146,724	146,724
Food & Beverage Concessions	315,975	335,835	373,925
Interest Income	248,438	204,912	189,985
Merchandise Sales	10,240	38,064	56,540
Other	60,514	45,588	50,572
Total Gross Revenue	<u>\$ 24,633,609</u>	<u>\$ 24,124,529</u>	<u>\$ 23,560,752</u>
EXPENSES:			
<u>Labor</u>			
Full-Time Salaries	\$ 7,424,723	\$ 7,311,081	\$ 7,361,913
Full-Time Indirect Costs	6,915,235	6,817,486	6,719,533
Part-Time Salaries	3,298,513	3,262,461	3,363,307
Part-Time Indirect Costs	1,762,609	1,740,749	1,422,049
Labor Reimbursements	26,712	45,085	62,197
Subtotal: Labor	<u>\$ 19,427,792</u>	<u>\$ 19,176,862</u>	<u>\$ 18,928,999</u>
Supplies & Contract Services	1,935,249	1,895,058	2,094,079
Concession Expenses	19,688	23,562	32,325
Utilities	2,285,924	1,928,063	1,869,393
Total Expenses	<u>\$ 23,668,653</u>	<u>\$ 23,023,545</u>	<u>\$ 22,924,796</u>
OPERATING INCOME (LOSS)	<u>\$ 964,956</u>	<u>\$ 1,100,984</u>	<u>\$ 635,956</u>

Less: Amount to Golf Capital Improvement Account Per Board Report 16-079 **\$ 239,519**

AMOUNT TO EMERGENCY CONTINGENCY ACCOUNT (FUND 52H, DEPT 89, ACCT 89G403)	\$ 964,956	\$ 1,100,984	\$ 396,437
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TOTAL AMOUNT TO EMERGENCY CONTINGENCY ACCOUNT (FUND 52H, DEPT 89, ACCT 89G403)			\$ 2,462,377
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