

APPROVED
NOV 21 2012

REPORT OF GENERAL MANAGER

BOARD OF RECREATION
AND PARK COMMISSIONERS

NO. 12-319

DATE November 21, 2012

C.D. Various

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: STATUS REPORT ON GOLF'S SECOND YEAR AS A SPECIAL FUND
OPERATION AND ALLOCATION OF FISCAL YEAR 2011-12 GOLF
OPERATING INCOME

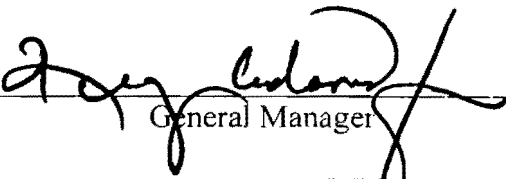
R. Adams _____
H. Fujita _____
V. Israel _____

*K. Regan FRK
M. Shull _____
N. Williams _____

Approved _____

Disapproved _____

Withdrawn _____


General Manager

RECOMMENDATIONS:

That the Board:

1. Authorize the Department's Chief Accounting Employee to transfer \$1,000,000 from Golf Operation Account 89G401, Fund 52H, Department 89, to Recreation and Parks (RAP) General Fund, Fund 302, Department 88, to support RAP operations;
2. Authorize the Department's Chief Accounting Employee to transfer \$2,045,482 from Golf Operation Account 89G401, Fund 52H, Department 89, to Golf Division's Capital Improvement Account 89G402, Fund 52H, Department 89, to fund golf capital improvement projects; and
3. Authorize the Department's Chief Accounting Employee to make necessary technical corrections.

SUMMARY:

On July 1, 2010, the City of Los Angeles (City), Department of Recreation and Parks (RAP), Golf Division ceased receiving RAP General Fund support and began operating as a self-sustaining Division within the Department of Recreation and Parks. The Golf Division became

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responsible for all costs, including indirect costs, related to the operations and maintenance of the City's fourteen (14) golf facilities.

I. Driving Ranges

During FY 2011-12, the Department began self operation of two of its five driving ranges. Self operation of the Rancho Park Driving Range began on October 1, 2011, and self-operation of Woodley Lakes Driving Range began on October 31, 2011. During its first nine (9) months of operation, the Rancho Park Driving Range generated approximately \$850,000 in gross revenue with an operating income amounting to 80% of gross revenue. During its first eight (8) months of operation, the Woodley Lakes Driving Range generated approximately \$200,000 in gross revenue with an operating income amounting to 50% of gross revenue. The prior concessionaires at both facilities paid 35% of gross revenue as rent (Attachment A). The transition from private operation to self operation was smooth at both facilities. Patrons have expressed their appreciation of the new amenities provided at both facilities.

II. Golf Revenue

During FY 2011-12, the Golf Division generated gross revenue of \$24,890,394 and a net operating income of \$3,045,482, before any reimbursements to the Department (Attachment B). Of the \$3,045,482, it is proposed that \$1,000,000 be reimbursed to the RAP General Fund, Fund 302, Department 88 to support RAP operations. It is proposed that the remaining \$2,045,482 be transferred to Golf's capital improvement Account 89G402, Fund 52H, Department 89, to assist in funding necessary golf related capital improvement projects.

FISCAL IMPACT STATEMENT:

There is no negative impact on the RAP General Fund, as all reimbursements and transfers will be paid from the Golf Operations Special Fund. Through its reimbursement to RAP, the Golf Division is contributing \$1,000,000 to the RAP General Fund.

This report was prepared by James N. Ward, Golf Manager.

**CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS
Golf Division
Driving Range Operating Statement
FY 2011-12**

	Rancho Park (from 10/1/2011)	Woodley Lakes (from 10/31/2011)
<u>Revenue From Driving Range</u>	\$ 853,158	\$ 199,686
<u>Golf Cart Rental Expenses</u>		
Salary Expense	\$ 74,949	\$ 45,808
Indirect Costs	45,167	24,797
Supplies and Contract Services	50,846	29,935
Total Expenses	<u>\$ 170,962</u>	<u>\$ 100,540</u>
Driving Range Operating Income	<u>\$ 682,197</u>	<u>\$ 99,146</u>
Driving Range Operating Income As a Percentage of Gross Revenue	<u>80%</u>	<u>50%</u>

**CITY OF LOS ANGELES
DEPARTMENT OF RECREATION AND PARKS
Golf Division
Operating Income Statement
FY 2011-12**

ATTACHMENT B

REVENUE:

Green Fees	\$ 18,312,659
Electric Golf Carts	3,435,713
Driving Ranges/Lessons - Self Operated	1,052,910
Other Golf Course Revenue	196,987
Reservation Office	533,980
Tregnan Junior Golf Academy	173,076
Driving Range/Pro Shop/Lessons - Concessions	446,050
Food & Beverage Concessions	299,227
Interest Income	358,939
Other	80,852

Total Gross Revenue **\$ 24,890,394**

EXPENSES:

Labor

Full-Time Salaries	\$ 7,291,555
Full-Time Indirect Costs	6,678,344
Part-Time Salaries	2,812,773
Part-Time Indirect Costs	1,359,950
Subtotal: Labor	<u>\$ 18,142,622</u>
Supplies & Contract Services	1,729,499
Concession Expenses	5,205
Utilities	1,967,586

Total Expenses **\$ 21,844,912**

NET OPERATING INCOME (LOSS) **\$ 3,045,482**

GOLF CONTRIBUTION TO SUPPORT RAP OPERATIONS **1,000,000**

OPERATING INCOME (LOSS) **\$ 2,045,482**

**GOLF CONTRIBUTION TO SUPPORT RAP OPERATIONS
(FUND 302, DEPT 88)** **\$ 1,000,000**

**GOLF CONTRIBUTION TO CAPITAL IMPROVEMENT ACCOUNT
(FUND 52H, DEPT 89, ACCT 89G402)** **\$ 2,045,482**