

Oakmont Golf Club
Management Report to the Board of Directors
January 24, 2012
Empire Golf, Inc.

- **Review of Profit from Operations for December 2011**

- December was a very good month financially for the OGC, with an operating profit of \$10,097 which was ahead of budget by \$32,292, and well ahead of last December by \$51,469. With the good weather and almost no precipitation, we experienced one of the best winter months in a number of years. Play was up on our two golf courses by 2,521 rounds from December of last year, and exceeded budgeted by 1,600 rounds.
- We had an overall profit from Golf Operations of \$25,348, which exceeded budget by \$22,645, and was well ahead of last December's loss of \$27,396. Daily Fee revenue exceeded budget by \$7,566, as well as December 2010 by \$25,816. Our average per round for daily fees was \$16.89, which was \$3.07 under budget and \$.57 less than December 2010. Two recent online offerings from Living Social and Groupon had a negative effect on our \$PR in green fee revenue. The numerous frost delays for the month have also had a negative effect.
- Food and Beverage operations had a good month with an operating profit of \$15,051, which exceeded budget by \$2,246, but was behind December 2010 by over \$10,000.
- Golf Course Maintenance Expense was over budget by \$590.
- General and Administrative expenses were over budget by \$2,612.
- Overall expense control was good as we were under budget by \$2,491 for the month. For 2011 we finished \$30,891 under budget on operating expenses, and \$146,434 lower than 2010.
- Jim Carra is no longer the Director of Golf at the Oakmont Golf Club effective January 5, 2012. Ryan Andress has been appointed as the interim Golf Operations Manager. We wish Jim well in his future endeavors.

- **Departmental Updates**

- **Course Maintenance**

Report from Steve Good, Head Golf Course Superintendent

- Colder than normal nights the last month and a half created thirty-three days of frosty mornings that turned the golf courses into a "frozen tundra". January 17th a low of 18 degrees was recorded by our weather station, after many mornings in the 20's. We recorded 2 rain days (.25") during this period, last year, 23 rain days (17.34") and 9 frost. With the frozen turf and low soil temperatures stopping all grass growth, the golf courses were a brownish/yellow

and not the normal "winter green" we usually see this time of year. Rain with some warmer weather will get the turf growing again, turning everything green, slowly returning the golf courses back to their normal winter conditions; softer fairways (shorter drives!), more grass on the greens (slower putts!), and enjoying your golf game with rain gear and umbrellas instead of parkas, ice skates and butane heaters. Who said golfers are crazy!

- BUDGET

- Our 2012 budget has been approved with very few changes from last year. The 2011 year end budget statement was \$22,955 under budget, with wages and benefits under \$8,800+ and operating expenses under \$14,000+. As last year, we will always continue exploring all opportunities to keep department operating expenses within budget and still provide our members and guests with the best possible golf courses.

- STAFF

- During the winter months we have reduced staff size to eight and shortened work days when weather conditions are too severe for safe maintenance operations. A staff of 12 full time and two part-time seasonal employees has been budgeted for this year, with April 1st the target date for full operation. We are fortunate in having an experienced staff maintaining the golf courses, with seven having been here 10 to 21 years and five, 4 to 6 years. They all take pride in the condition of the golf courses, and work hard to make them better.

- EQUIPMENT REPAIR AND SERVICE

- This is the time of year when cutting units for greens, tees and fairway mowers have reels grounded and sharpened, bed-knives replaced, and rollers, bearings and seals repaired and replaced as needed. All other equipment is receiving their winter preventative check-up and inspection. With the high cost of new equipment, keeping current equipment in good operating condition is a high priority.

- GREENS AND TEES

- With the last few weeks of cold and wet weather in the forecast, greens will be given an application of fertilizer to help them recover from the stress. Fungicide applications will be scheduled and applied as the weather changes. The cold weather and above average number of rounds during this time has caused minor compaction of the greens, needle tine aerification is scheduled for the week of January 23rd

weather permitting to help relieve the compaction. Verticutting and light sanding will continue as weather permits. Tees continue to top-dressed and over-seeded, with a fertilizer application scheduled the first week of February.

- **TRIBUTE BENCHES AND TREES**
 - There are several tee sites and selected trees available on both golf courses for a remembrance or tribute that will help up-grade the golf courses. For information and sites available, check with Lisa in the business office.
- **WILDLIFE HABITATE**
 - Birdhouses will be cleaned, repaired, and relocated if needed with occupancy data recorded for the last year usage. We have 125+ nesting boxes located through-out both golf course, along with bat houses at various locations. Blue birds, tree swallows and brown bats are an important part in our Integrated Pest Management program helping keep mosquitoes, gnats and harmful agricultural pests in check.

- **Golf Operations**

Report from Ryan Andress, Golf Operations Manager

- **Member Product(s) of the month for February:**
 - Outerwear and Rain Gear 15% off, Men's Polo Shirts: Buy one get one 40% off, All Ladies Shoes at West Course 15% off. We are going to make signs and publicize this much more aggressively to better serve our members.
 - We are also going to introduce Member Only Coupons this year as well to reward members for their support. First one can be expected before the end of the month.
- New Scorecards were ordered and received. They include the new forward tee yardages for the West Course and all handicap, slope, and rating changes for 2012. We are now also putting scorecards in the boxes on the golf courses again. 2nd hole west, 11th hole west, 2nd hole east, and coming soon 11th hole east as well.
- To better serve our members and guests, rental carts are now being staged outside of the golf shop instead of downstairs. Overflow carts are still stored downstairs for busy periods.
- The Cart GPS system is up and running again. The estimate was for nearly \$800, but after a lengthy conversation with GPSI, we were able to reduce the bill to \$0!!!! Parts are ordered to repair the few carts with bad monitors as well.
- The club repair department is being overhauled. We are training all staff to re-grip to improve turnaround time for our customers. We also updated some tools as well. I have passed the highest level of

fitting certification in the USA through True Temper/Swing Science. Oakmont GC is the only course in the area with the PFC (performance fitting center) certification, something I have worked on for almost a full year. Customers can now find us listed throughout the WWW as a trusted fitter and retailer.

- Driving range shuttles will now be more available to our customers. On top of the white shuttles, we will now be making more of the green fleet available on a supply and demand basis. We feel this makes our great practice facilities more appealing and customer friendly. New signs have been ordered for the carts to make them easy to identify.
- We have been working closely with Tina to book new tournaments and re-sign past ones. It is working well so far. Her report will include details.
- We are actively booking the 2012 outside evening leagues and high school teams. We are hoping to add at least a league or two to boost revenue.
- We are meeting with all the different sections to get our tee sheet and calendar right for 2012. This includes some of the smaller groups like the BG's and Oakmont SIRS as well.
- Starting March 1st, the tee sheets will be set to 8 minute intervals in an effort to increase revenue and open more spaces in the section blocks for all men's and lady's sections.
- We are in the process of ordering new OGC logoed staff uniforms to look more professional on a day to day basis, and to make employees more recognizable to our customers when they need help. We feel that on tournament days this will be especially important.
- We are now tracking no shows from the tee sheets in an effort to understand the impact on revenue and scheduling. We are trying to see if new policy changes are needed for the future.
- We are actively buying to fill BOTH golf shops. Sales were up substantially in 2011, but with that brings the need to really stay on top of ordering both new products, and filling in current ones. We are now done pre-booking all 2012 hard goods, and making solid headway on soft goods and accessories. We had numerous appointments last month, and this month will be the same. We have made minor changes to the West shop layout, and more drastic changes to the East shop to boost sales and efficiency.
- Most of the new 2012 products (mainly clubs, shoes, bags, and accessories) will be arriving in the first part of February and in to March. A new display was built for clubs at the west to make more

display room. We are also making an area down at the east to try on shoes. More changes to come

○ **Sales and Marketing**

Report from Tina Pierre, Director of Sales and Marketing

- **Weddings:**
 - December Wedding Revenue: \$.00
 - 2012 - 23 Weddings booked
 - Wedding inquiries coming in from January Bridal Shows
 - Attended two bridal shows on January 7th - Santa Rosa G&CC and January 8th - Double Tree
 - January 28th - to attend show at Wells Fargo Center
 - Sending out email with follow up calls to bridal show lead lists
- **Memberships:**
 - Monthly Memberships - We currently have 120
 - Sport Social - none purchased so far
 - Young Executive - 3 family memberships
 - Super Senior Membership - 25 singles and 7 couples
 - 12 memberships sold in winter promotion - purchase a membership for \$500 and pay no dues until March 1, 2012. One year commitment to pay dues from March 1, 2012.
- **Tournaments:**
 - Rebooking 2011 tournaments for 2012.
 - Contacting past events from previous years 2010 and 2009 to invite them back to our facility.
 - Working with Ryan to produce a packet that we will give to the tournament chairs when they book their event. This will be a detailed "how to" that starts at the signing of the contract, through the awards ceremony at the end of their event.
 - Many tournament chairs are individuals that have not necessarily run a tournament and many times are not golfers.
 - Our goal is to provide the customer with additional information that will help them to have a successful event.
- **Website/Social Media**
 - Work to increase our exposure in the social media world of Facebook and twitter. Our younger golfers and bridal couples are very involved in this form of communication.
 - Update information frequently to encourage followers to revisit our sites.

- Maintain our email database; create and send out all club emails.
- Upgrade appearance of Bulletin Boards to encourage readership.
- **Food and Beverage**
 - Report from Ehrin Cadigan, Director of Food and Beverage*
 - December was a great month for us financially. Sales exceeded budget by 14%. Total cost of goods and labor were under budget. Our bottom line profit exceeded budget by 18%. Operating expenses were high, due to some costly kitchen equipment repairs.
 - Thursday night buffets tracked almost identical to last year. We averaged 74 covers per night and \$1,560 in sales per Thursday. Sales for the year were just under \$74,000.
 - Monday Night ~ Burger Night proved to be successful again. We did almost the same amount of burgers last year as this year. Burger night brought in revenue of just under \$70,000 for 2011.
 - We are currently accepting reservations for Valentine's Day dinner. Call to make your reservation 539-9215, the price is \$39.99 and includes a 4-course limited menu and we allow free corkage.
 - We were inspected by the health department this month and passed with flying colors. This is the fourth year in a row now that we have received 5-Stars for cleanliness.
 - California passed a new law which took effect on the first of the year. Every food employee (cook, server, bartender, etc) must take and pass a food handlers class. All of our employees are up to date.
 - Our hours of operation have changed for the winter months we are open from 8am-3:30pm in the bar and grill Monday - Thursday, on Friday we are open from 7am - 7pm. Saturday and Sunday we are open from 7am - 5pm. We are still open every Monday night for Burger night 5pm-7pm and every Thursday night for buffet night from 5pm-8pm.
- **Administration**
 - Our annual employee Christmas Fund distributed over \$8,000 to our OGC staff. Thank you to all of our members who participated as it is very much appreciated!

Report respectfully submitted by Rod Metzler, President, Empire Golf Inc.