

RECREATION DEPARTMENT

Facilities

The Village of Glen Ellyn Recreation Department operates 4 facilities on 280 acres.

<u>27-Hole Golf Course</u>	
Village Links of Glen Ellyn	240 acres
<u>Passive Use Parks</u>	
Panfish Park	18 acres
Lambert Lake Nature Preserve	22 acres
Co-Op Park	1 acre

These facilities are incorporated into a sophisticated storm water detention system that detains approximately 30% of the stormwater that falls in Glen Ellyn and is a primary reason that the Village developed and operates these properties.

Village Green park (35 acres of athletic fields) is owned by the Village of Glen Ellyn and is operated by the Glen Ellyn Park District under a rolling 25 year lease that began in 2003. As such, the Village Green does not impact this budget.

Funding

No tax dollars are used to maintain or operate Recreation Department facilities. The Recreation Department operates solely on user fees. Residents pay golf green fees at roughly a 40% discount off market prices.

Resident use of the golf course and parks is subsidized by profits generated from non-resident golf sales. These profits are also used to maintain and operate the storm water detention system.

Personnel

Key management and supervision is provided by 9 full-time staff members. These managers supervise up to 130 part-time and seasonal workers.

The pool of part-time and seasonal workers gives us great flexibility, allowing us to better control costs as activity increases or declines. That pool of workers allows us to experiment with various service levels without making long term employment commitments. We use that pool of seasonal workers to identify top performers and supervisors. Seven of our nine full-time staff members began their employment at the Village Links in seasonal jobs.

Budget Organization

The Recreation Department has 3 operating divisions: Grounds, Golf, and Food Service. The budget is divided into 9 accounting sections. By segregating expenditures by revenue center and by managerial responsibility, we can monitor the financial performance of each revenue center, while maintaining managerial accountability for each line item.

The Grounds Division

Division Head: Golf Course Superintendent

Responsible for Budget Sections:

55 710 - Golf Course Grounds
55 740 - Parks Maintenance
55 7x5 - Mechanical Maintenance for equipment and buildings in all Divisions

The Golf Division

Division Head: Director of Golf

Responsible for Budget Sections:

55 720 - Golf Services
55 750 - Pro Shop Merchandise
55 780 - Motorized Carts

The Food Service Division

Division Head: Food Service Manager

Responsible for Budget Sections:

55 730 - Food Service

Administration, 55 700, includes line items not specific to an individual operating division, along with all capital expenditures and debt service.

Storm Water Detention System

The Village Links is both a golf course and a storm water detention system. This dual use facility protects home owners from flood damage, protects the environment, and helps lower property taxes.

The core of the storm water detention system was built in 1966 and expanded in 1973. The system consists of twenty-four interconnected ponds: one pond at Lambert Lake, two at Panfish Park and twenty-one on the golf course.

Rain water entering the system at the northwest portion of the system flows from pond to pond for more than a mile via a series of underground storm drain pipes before leaving the golf course for the DuPage River.

2007 REVIEW

The storm water is slowed as it moves from pond to pond. Silt debris that is washed from streets and sidewalks settles in the ponds, preventing this debris from polluting downstream rivers. The water stored in the detention ponds is pumped onto the golf course as irrigation water. The golf course turf filters the mildly polluted storm run off water, cleaning it before it reaches the aquifers below.

Village Links revenues have paid for all maintenance and operating expenses of the storm water detention system since the system was constructed in 1965. During the 2003 golf course renovation, about \$350,000 was spent on the storm water detention system, including pond expansion, silt removal, drain pipe replacement, and shoreline stabilization.

Silt Removal - The holding capacity of almost every storm water detention pond was improved during the 2003 golf course renovation. Silt removal is likely to be the biggest expense incurred over the next 20 years. We expect that some ponds will require silt removal during the 2020's. Storm water detention pond silt disposal is expensive because concentrations of metals and fuels dropped onto roads by vehicles require that it be treated as a hazardous material.

Shoreline Stabilization - The storm water detention system has 6.4 miles of shoreline.

Shoreline of Village Links Ponds -	4.9 miles
Shoreline of Panfish Park Ponds -	1.0 miles
<u>Shoreline of Lambert Lake</u> -	<u>.5 mile</u>
Total Shoreline	6.4 miles

Wave erosion causes the lake banks to fall into the water, increasing the area of water while reducing the water depth. Shoreline stabilization efforts initiated in the 1970's have proved to be effective and have been maintained since then.

Drain Pipe Replacement - Many of the original corrugated metal drain pipes that connect the golf course ponds were replaced in the 2003 renovation. The new drain pipes, either concrete or composite plastics, should last indefinitely.

4. Control Structure Replacement - The concrete control structures are in fair condition for their age. They will not be prohibitively expensive to replace in another 25-35 years.

2007 was arguably the most successful year in the 40 year history of the Village Links. Revenues were up, expenses were down, and operating profits reached all-time highs.

Revenues, driven by increased play on the 18-hole course, were the highest since 2000. This was the result of an increase in scheduled golf events, favorable weather, and improved course conditions.

Operating expenses (before debt service) were lower than for any full season since 1995. Retirements and other departures reduced the size of the full-time staff from 14 to 8. Duties were redistributed among the remaining full-time staff, with tasks reassigned to seasonal staff whenever possible.

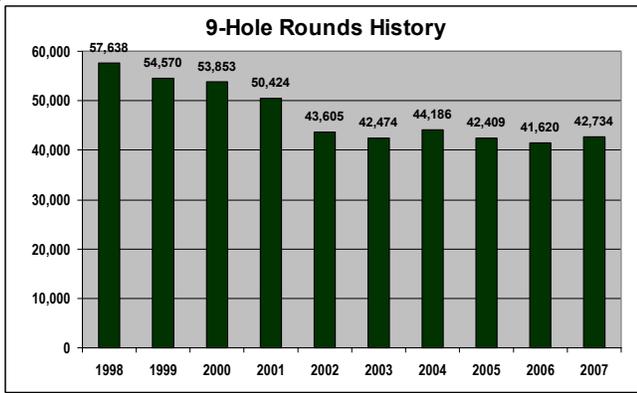
The full-time staff reduction was greatest in the Grounds Division, where 5 of 8 full-time staff left in an eight month period. This created operating challenges, particularly when two key staff members left in mid-season. It also created opportunities to reorganize operations and expose seasonal staff to new responsibilities. In the process, we improved our efficiency while improving the quality of work performed.

The minimum wage increased 15% July 1, 2007. This increase totalled 45% over the previous 2½-years. This has the greatest impact on wages in Food Service, with lesser impacts in Golf and Grounds.

The Village Links was successful in 2007, in spite of a continued industry-wide lack of demand for golf. Interest in golf declined after September 11, 2001. At the same time, the number of golfers that a golf course can accommodate declined due to improved golf club and golf ball technology that allows a golfer to hit the ball farther and occupy more space on the course. The combined effect of these factors has been to limit golf course revenues nationwide.

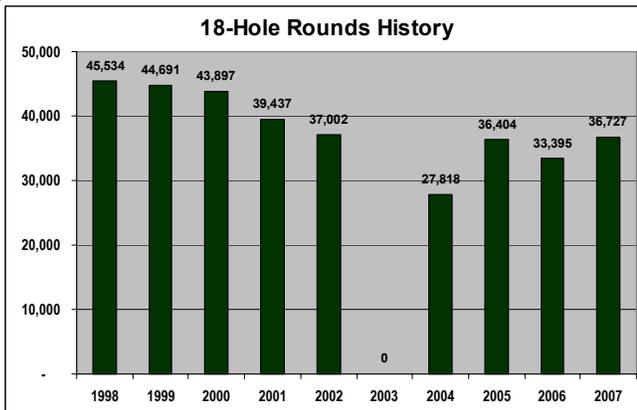
The long term financial viability of the Village Links is not a certainty, but the future looks brighter following the success of the past year. That success was born out of efforts to boost revenue and control expenses that began in July 2002. The lessons learned since then allowed us to operate at break even or earn a small profit each year. The refinement of those efforts to increase revenues and contain expenses, put us in an excellent position in 2007 when the opportunities to restructure our staff and attract new golf customers presented itself.

Rounds Played - Recent History



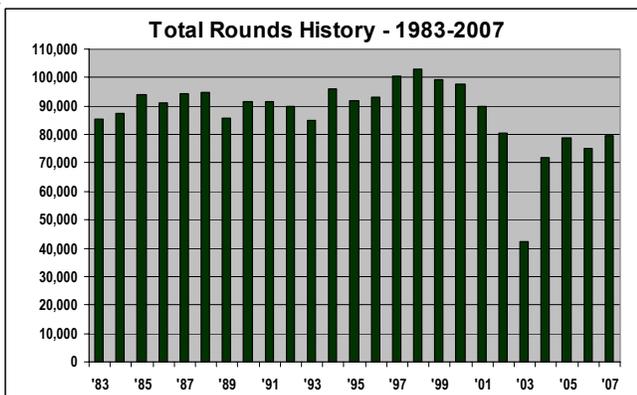
9-Hole Rounds declined after September 11, 2001 and have not recovered. 9-hole rounds were up 3% in 2007.

Play on the 9-hole course has been fairly stable since September 11, 2001. 9-hole green fee income was \$573,000 in 2007, up 7%. 9-hole course income remains 14% lower than the historical highs achieved in the 1990s.



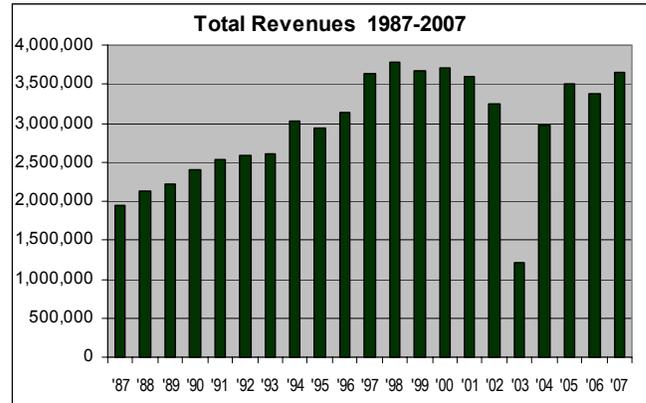
18-Hole Rounds were up 10% in 2007.

Play on the 18-hole course was up 10% from 2006. Because of the 2003 course renovation, we have not had to discount as much on the 18-hole course, where green fee revenues are at an all time high.



The shrinking capacity of a golf course makes it unlikely that we will see rounds above 90,000 again.

The Village Links is one of the busiest golf courses in the market in both the 9-hole and 18-hole categories. We are close to effective capacity on the 18-hole course, with only non-prime times readily available. There is room to accommodate a few more customers on the 9-hole course.



Historically, a steady increase in revenue allowed us to cover the cost of inflation. Over the past nine years, revenues have flattened or declined slightly. Covering rising costs has been a challenge during this period.

Grounds (Golf Course Maintenance)

The golf course was in improved condition in 2007.

Major improvements were made in the maintenance of the reel mowers used on tees, greens and fairways. By maintaining these mowers in sharp condition, injury to the bentgrass was reduced and turf was noticeably healthier.

The spread of the weed grass *poa annua* appeared to be stopped by an extreme reduction in irrigation, especially in the Spring. While this created an overall stress level that alarmed some customers, the desirable bentgrass survived and, for the first time in several years, the widespread *poa annua* contamination seemed to be contained.

Increased fertilization of 18-hole course roughs helped many areas to thicken and fill in evenly for the first time since they were planted in 2003.

A new greens topdressing material was identified, allowing the implementation of prescribed frequent light topdressing for the first time since the greens were rebuilt in 2003. The benefits of this program are long term, and will eventually result in firmer, smoother surfaces, faster putting conditions and improved ball mark recovery.

The grounds staff was restructured at the beginning of the year with the retirement of the Golf Course Superintendent.

dent and both mechanics. Unanticipated mid-season departures of a co-Superintendent and Arborist required further adjustments. As a result, several staff members had to be trained in a variety of new tasks, particularly maintenance of mower cutting units.

Golf

Increased play created challenges for the golf staff, which has been scaled back for budgetary reasons in recent years. A second year of evening leagues on the front nine of the 18-hole course created new customers and revenues. After a couple of seasons, it appears that this effort has created a noticeable increase in customer activity at a previously quiet time of day.

Pro Shop

Pro Shop sales increased 6% in 2007. The Pro Shop has little impact on our bottom line. It covers some fixed costs, but each sale carries a high variable cost of goods.

We use the Pro Shop to increase the overall value of golfing at the Village Links, by offering multi-round purchasers a 10% discount on all Pro Shop merchandise. This practice benefits golf sales, at a cost to the Pro Shop bottom line.

There is little long term improvement to be expected in Pro Shop sales. Big-box off course retailers will continue to grab a larger share of the market. These large retailers can offer more selection and lower prices than an independent store with a single location.

Food Service

Food Service sales track very closely with the number of golf rounds played each year. Food Service sales increased 9% in 2007. Operating expenses increased at a slightly slower pace, for a slight improvement in profitability.

Our analysis of Food Service Profit/Loss includes the impact of providing \$60,000 in complimentary beverages that the golf business gives to customers. These beverages were given to golfers who "KEEP PACE" with the group ahead. From a business perspective, these beverages are being "sold" by Food Service and "purchased" by Golf. We do not track these as formal revenues, to avoid inflating overall income. Instead, we factor these transactions into any year-end analysis of financial performance, as shown below.

FOOD SERVICE PROFIT/LOSS			
including credit for sale of Keep Pace beverages			
	Actual <u>2006-07</u>	Estimated <u>2007-08</u>	Budget <u>2008-09</u>
Keep Pace Beverages	60,000	60,000	65,000
Sales	478,813	540,000	550,000
Gross Sales	538,813	600,000	615,000
Expenses	494,454	574,800	596,700
Net	44,359	25,200	18,300

While neither the Pro Shop nor Food Service make significant direct contributions to our financial success, both areas play an important role in providing customer services that are key elements of our marketing efforts. The complimentary beverages and the 10% Pro Shop discount program for multi-play, permanent time and VIP customers are examples where we use these complementary operations to increase customer loyalty.

The Reduced Capacity of a Golf Course

For years, we maximized use of the golf course by scheduling 8 groups (32 golfers) per hour. In the mid-1990's, we began spreading mid-day tee times on the 18-hole course, in response to upscale courses limiting play to 6 groups per hour. Today, we are unable to tee off golfers at the same rate that we could just a few years ago. Improved golf ball and club technology is a primary cause of this reduced capacity, although other probable factors include increased use of motor carts, increased use of cell phones and a variety of golfer habits. The practical capacity of most courses has been reduced to about six groups per hour.

At some point, the reduced capacity of the golf course will force us to consider restructuring the 18-hole Weekend Permanent Time program and cut back the number of tee times scheduled. This could result in a reduction of up to 25% of the tee times and would be very disappointing to the resident golfers who occupy all of the weekend morning times.

Staff Retirements and Departures

The departure of six long time employees leaves the Village Links with only eight full time staff at the end of 2007. This is our lowest level of full-time staff since the late 1960's, and is lower than any comparable size public golf course in the Chicago area.

Three of the departed employees took advantage of a Village-wide Early Retirement Incentive Program . The employer's cost of this program, \$373,300, was budgeted but was not paid in FY 2007-08. Instead, it was paid out of a cash surplus that had been built up in the Village's retirement program account. The Recreation Fund contributed proportionately to the accumulation of that cash surplus, and will contribute to the rebuilding of that surplus by paying a larger percentage retirement fund contribution rate in FY 2008-09 and beyond.

Debt Service

In 2002, the Recreation Fund borrowed \$4,500,000 through a 20 year general obligation bond issue to help finance the golf course renovation. Interests rates began at 2.95% and increase over the life of the bond issue to 4.45%. Debt service is \$340,000 per year. The final payment is scheduled for January 1, 2023.

Golf Course Renovation Bond Payment - Recap		
Prior Payments		1,442,588
Latest Payment - December 2007		259,660
Total Payment to date		1,702,248
Unpaid Principal & Interest		5,127,153

PREVIEW 2008-09

In 2008 we look to continue to attract customers at the pace that contributed to record profits last year. We will expand the number of programmed golf events. We will continue to improve course conditions. We will continue to constrain expenses. We will begin to replace worn capital equipment kept in service long beyond its expected useful life. Most of the capital replacement will be behind the scenes, out of the view of customers. We will make a concerted effort to make a couple of visible capital improvements, so that customers notice some positive changes.

Primary Objectives for 2007

Grounds needs to maintain superior overall course conditions.

Golf needs to fill the reservation tee sheets, get golfers teed off on time, and get golfers around the course comfortably. This includes an emphasis on pace of play and tight management of the number of tee times scheduled each hour.

Food Service needs to provide the golf customer hospitality without a financial subsidy from golf.

Grounds

The 2003 golf course renovation gives us the foundation for providing exceptional course conditions that can become the hallmark of the Village Links and create a competitive advantage that boosts profit every year.

We began improving course conditions in 2006. In 2007 we made even more progress and set the stage for even better conditions in 2008.

Greens will be improved by a second year of properly maintained mowers, more effective irrigation, a balanced fertility program, a full season of light frequent topdressing, the benefits of new mower technology and a ball mark repair effort.

Fairways will be improved by another season of sharp mowers, more fertilization, and a more intense aeration program.

Roughs will be improved with continued fertilization.

Sand bunker playabilty will be improved by an increase in the raking schedule, as we reinstate some of the seasonal staff cut for budgetary reasons in 2006 and 2007.

Full-time Staff - We think that the optimum full-time staff configuration would be a Golf Course Superintendent and four other full-time staff members with overlapping capabilities. For a small managerial staff to be effective, they would have to share most responsibilities, with no individual being a designated specialist such as a mechanic or arborist.

Mechanics - 2 to 4 full-time staff should be well versed in mechanical maintenance and repair of buildings and equipment.

Irrigation and Drainage - 1 to 4 staff should able to repair and install changes to these systems as needed.

Horticulture - 1 to 4 staff should know how to design, install and maintain landscaping, including flowers, trees, and shrubs.

Managerial Development - 1 to 3 staff should be in the process of being groomed to one day be a golf course superintendent. With the proper education, this development could take 5 to 10 years.

Turf Management - 2 to 4 staff should be capable of filling in for the Golf Course Superintendent on a daily basis and make independent decisions with respect to irrigation, staff assignments, and pest and disease diagnosis and treatment.

This approach to full-time staffing goes against accepted industry practice that calls for specialists serving as mechanics, turf managers, horticulturists, and irrigation technicians. Based on our experience of the past twelve months, we believe that the benefits of shared responsibilities provides the flexibility that will allow us to operate with fewer full-time staff. If we are proved to be wrong, we can always restructure the staff and add more full-time staff at that time.

Golf

Programmed Golf - The use of weekday evening leagues to develop new play on the 18-hole course has prompted us to add more programmed golf in 2008. We are adding weekend evening golf leagues, a series of events on the 9-hole course, and a Monday morning 18-hole league. As we increasingly focus on non-prime times, it is likely that some of these events will prove to not be popular.

Course Maximization - We will continue to try to squeeze more golfers onto the course. The Golf Division has the job of scheduling the proper number of tee times, filling the tee times, getting the customers in those tee times started on time, and helping them move around the course in a reasonable amount of time. That sounds basic, but few courses do a superior job managing this aspect of the business. Our ability to generate additional revenue depends on our success in this area.

Back Nine Combo - We will continue to offer a Combo Option for weekend 18-Hole Permanent Times, using the Back 9 of the 18-hole course and the 9-hole course. This was not patronized well in 2007. We will give it another year or two to see if we can develop a clientele for this product.

Direct Mail Coupons - In 2007, we scaled back an effective direct mail coupon program promoting the driving range, 9-hole course and Village Links Grill. After distributing coupons through four vendors, we eliminated the two larger distributors. Coupon sales dropped to \$80,000, but we saved over \$12,000 in coupon distribution costs. We had hoped to supplant some of the lost business with revenues from coupons offered on our website, but the website coupons were not successful and a negligible number were redeemed. In 2008, we will continue the scaled back direct mail coupon program.

Mass Mailing Coupon Redemption				
	2006		2007	
	Units	Sales	Units	Sales
Food Service Sales	2,316	\$ 50,849	1,567	\$ 33,084
9-hole Green Fees (\$65/\$55 4-some)	2,561	\$ 33,855	2,637	\$ 34,490
Driving Range (2 for 1)	883	\$ 7,064	1,402	\$ 12,618
Total Redemptions	5,760	\$ 91,768	5,606	\$ 80,192

Coupons Mailed	Cost	Coupons Mailed	Cost
1,020,000	\$ 22,769	340,000	\$ 9,960

Email Communication - We will develop the ability to routinely communicate with customers via email. To date, we have not been able to free up the resources required to develop an effective email program. We would like to manage our customer information in such a way that we can deliver targeted information of interest without becoming a nuisance.

Website - We will continue to provide expanded content on our website, which has seen tremendous increases in visitor traffic over the past two years. Unfortunately, website traffic seems to have little if any impact on revenues.

Credit Card Processing - One of our fastest growing expenses is credit card processing. The cost of credit card processing has increased 130% in ten years and will exceed \$85,000 in 2007-08. While many of the basic rates charged by credit card processors are lower, Visa and MasterCard have successfully marketed "rewards" cards which carry hefty fees for the merchant accepting the cards. We are changing processors with the expectation that we will lower costs. We are not changing our budget until we see that this approach is successful.

Keep Pace Beverages - We will again give a complimentary beverage to golfers who KEEP PACE. In 2008, we expect to give away \$65,000 (at retail) of these beverages. Note that this expense shows in Food Service. We could budget this as a revenue to FOOD SERVICE, and an expense to GOLF, but this would inflate our overall revenue/expense totals by \$65,000.

Food Service

The decrease in rounds of golf over the past several years has hurt Food Service financially. Food Service sales are closely tied to rounds played. When rounds and food sales drop, it is impossible to reduce expenses by a comparable amount, without reducing the level of hospitality being offered to golf customers. The only way that we can continue to offer the current level of hospitality in the face of lower rounds played is to reduce Food Service's reliance on golf sales. We will continue to use promotional coupons mailed to the general public, try to improve breakfast sales on weekend mornings, build a year-round lunch business and increase the number of private parties held during the off-season.

Employee Training

Most of our formal training focuses on the full-time staff, who in turn train the seasonal staff. Training is a constant process, as every division always has someone in a new job. The training itself varies greatly, depending on the job or task being taught. It also varies if the employee was hired from outside the organization, as opposed to someone who has been promoted from within.

In most cases, it does not help if an employee has experience at another golf course, as our operation is very unique. One exception is in food service, where experience as a cook, server, or bus person reduces the amount of training required.

There are various opportunities for formal training. Funds for this training are budgeted in each operating division.

CPR and AED Training - Provided annually to full-time staff and key seasonal supervisors.

Food Sanitation Training - Provided periodically to managers in food service, this training is mandated by the State, includes education and a test, and results in a license being issued to the individual. Someone on our staff must have such a license for us to operate.

Pesticide Training - Provided periodically to managers and supervisors in grounds, this training is mandated by the State, includes education and a test, and results in a license being issued to the individual. There are several types of training and licenses available, including those for turfgrass, trees, bodies of water, etc. We generally have several staff members licensed to apply materials, and a few licensed to purchase materials and supervise their use.

Vendor Training - Periodically, vendors will conduct off-site training on products that they sell. Food vendors provide training on how their products can be prepared, displayed, etc. Equipment vendors conduct training schools on engine repair or vehicle maintenance. This includes golf carts, for example. Golf club manufacturers conduct training on how to use their specific club fitting systems. Vendors typically pay all expense for this training.

Professional Associations - National, regional and local professional associations provide training and education opportunities throughout the year. Staff routinely attends the National Restaurant Show, The PGA Merchandise Show, and the Golf Industry Conference and Show. Staff periodically attends seminars and workshops conducted by the Professional Golfers Association, the Golf Course Superintendents Association, the Illinois Turfgrass Foundation, the United States Golf Association, and the Chicago District Golf Association.

Customer Service Training - For more than ten years, we have utilized an in-house customer service training program titled "Above & Beyond". While a bit dated, this training is periodically provided to seasonal staff in golf and food service.

Golf Professional Training - The PGA has a training program for assistant golf professionals that consists of extensive advance work, attendance at a week long school, and a test. This is a multi-year program that is required for membership in the PGA. We typically have one or two seasonal staff members participating in this program in a given year.

Specialized Training - This is training that is not done on an ongoing basis, but is available when needed. We have staff who have attend the National Golf Management Institute, a multi-year week long program sponsored by the National Golf Foundation. We have staff who have achieved professional certification through correspondence or internet-based education programs through the PGA of America and the Golf Course Superintendent's Association. We have staff who have taken specialized courses at the College of DuPage.

IMRF - Retirement Fund Contributions

The employer portion of retirement fund contributions continues to grow faster than most other expenses. This expense was 1% of full-time salaries five years ago and is 6.5% in the 2008-09 budget. Minimum contribution levels are established by state law. Most employers in the Illinois Municipal Employment Fund (IMRF) contribute

about 12% of qualified wages. Our contribution level has been artificially low for several years, due to healthy retirement fund reserves that the Village has in its account. In 2008-09 our IMRF costs are budgeted at \$46,000.

Capital Projects

Throughout the 1980's and 1990's, we met our financial goal of generating an average of \$500,000 each year for capital replacement and improvements. When conceiving the 2003 golf course renovation, we planned on putting \$250,000 annually towards the \$340,000 annual debt service for that renovation, leaving the remaining \$250,000 for other capital equipment and improvements. For the last several years, we have not been able to generate significant dollars for other capital equipment and improvements. Expenditures have been limited to emergency replacement only, as we deferred the replacement of most equipment several years beyond its expected useful life.

A major purchase planned for late in the prior year (FY 2007-08) is the replacement of our motorized cart fleet. Our fleet is generally worn, with carts as much as ten years old. A new cart fleet will be a visible and popular improvement with customers.

The FY 2008-09 budget includes funds for significant capital replacement. We look to start replacing worn equipment and begin the process of getting back on a reasonable replacement schedule.

We have identified a list of grounds maintenance equipment items that would be most important to replace over the next two years. Most of these are worn out and are increasingly requiring band-aid repairs to keep them moderately functional. The following equipment replacement schedule shows the most pressing grounds equipment needs.

Note that this is only a schedule of grounds equipment, listing only \$262,000 of the \$375,000 in total capital expenditures proposed for FY 2008-09. It will take several years of equipment expenditures close to the \$139,000 projected for 2009-10 before we are back on schedule with a full complement of equipment in solid working condition.

Two Year Grounds Equipment Replacement Schedule						
Qty	Item	Year Purchased	Expected Life	Years Over Due	Replacement Cost	
					2008-09	2009-10
1	Riding Greensmower	1989	15	4	24,000	
3	Greens Cutting Units	varies	8		10,000	
5	Walking Greensmowers	1995	10	3	39,000	
1	Fairway Mower	1994	10	4	44,000	
1	Self Contained Sprayer	1987	15	6	26,000	
1	Turf Runabout Electric	1993	10	5	5,000	
1	Turf Runabout Electric	1994	10	4	5,000	
1	Turf Truckster w/Dump	1986	15	7	19,000	
1	Riding Greensmower Electric	2000	7	1	31,000	
1	Greens Aerifier	1991	15	2	19,000	
1	Dump Truck	1990	15	3	40,000	
1	Riding Greensmower	1992	15	2		27,000
1	Turf Runabout Electric	1995	10	4		5,000
1	Turf Truckster w/Dump	1991	15	3		19,000
1	Rotary Mower 60" deck	2000	6	3		17,000
1	Triplex Trimmer 84"	1991	10	8		27,000
1	Bunker Rake	1993	10	6		14,000
1	Pick-up Truck Fullsize	1992	12	5		30,000
Equipment Sub-Total					262,000	139,000

While the remaining capital expenditures proposed for 2008-09 are detailed later in this budget, a few items merit mention here. We propose replacing our computerized Point-of-Sale (POS) system that has been in use since 1997 to improve customer service and avoid service disruptions related to relying on outdated hardware and software. We propose paving the parking lot at Panfish Park to spruce up the appearance of that heavily used facility. We could maintain the existing gravel lot indefinitely, but asphalt paving is an improvement that we can make without compromising other needs. We propose replacing televisions in the Village Links Grill as a small but visible improvement for customers. Finally it should be noted that the replacement of walking greens mowers will not only replace worn units, but will also allow us to take advantage of new mowing technology that will improve putting conditions on the 18-hole course. This will be an improvement that our customers will appreciate, even if they do not understand what brought about the smoother putting.

While our strategy for getting our capital equipment replacement program back on track is predicated on the Village Links being more profitable in the future than it has been in the immediate past, the proposed spending plan is conservative. The funds for capital expenditures in the current budget as well as for those proposed in 2008-09 have been earned and are in the bank.

It should be noted that the recent golf course renovation put the facility in excellent condition. That project replaced many key assets including the entire 18-hole course, the 9-hole course irrigation system, and major elements of the storm water detention system. From a capital investment perspective, the Village Links is in great shape for a course that has been open for more than forty years.

Emerald Ash Borer

The Emerald Ash Borer is an insect that has been found throughout the Chicago area. It will likely kill all of the ash trees on the Village Links over the next several years. There does not appear to be anything that can be done in a cost effective manner to prevent this damage. We have several hundred ash trees on the property, almost all of which are more than 20 years old. The loss of our ash trees will be noticed, but not catastrophic. In the last 20 years staff has done an excellent job diversifying our tree stock, as we stopped planting most common species like ash and maple. We have not budgeted any extraordinary funds in 2008-09 for tree removal or replacement.

2008 GOALS

We have six Major Goals for the 2008 season.

1 - Pace of Play - Have play move at a faster pace at the Village Links than at any comparable public golf course in the Chicago market. Improve customer awareness of their pace of play and our efforts to assist them on both the 18 and 9 hole courses.

2 - Course Conditions - Maintain the 18-hole course in superior condition. Maintain greens that are smoother and faster than those at most public golf courses.

3 - Revenue Growth - Have revenues grow beyond 1998 levels, with particular emphasis on golf revenues.

4 - Expand Food Service Revenues - Increase sales from non-golf customers to avoid the need for a financial subsidy from golf while continuing to meet the hospitality needs of our golf customers.

5 - Constrain Expenditures - Constrain expenditures to match revenues, without customers noticing the cut-backs.

6 - Generate Profit - Generate a profit to fund capital replacement.

Key Performance Indicators - We track the following Key Performance Indicators. Target performance levels are identified.

Total Revenue - \$3,600,000

Rounds Played - 80,000

Golf Revenue (Green Fees, Motor Carts, & Driving Range) - \$2,625,000

Pro Shop - \$225,000

Food Service - \$550,000

Controllable Food Service Expenses - Wages for seasonal / part time employees is 32% of revenue. The cost of products for resale, including dry goods, beer / wine, vending machine products, food, and beverages, is no more than 45% of revenue.

Keep Pace - 80% of golfers Keep Pace
On Time - Be on time (within 7 minutes) for 90% of all rounds.

Stimpmeter (weekly) - Average 10.0, minimum 9.0 feet
April 15 - November (9-hole course 1.0 foot slower).

Meet Target Maintenance Interval Frequencies (MIF)

Customer Service Training - 80% of all seasonal employees in Golf and Food Service complete "Above & Beyond®" customer service training.

Customer Satisfaction - In 2008 we will initiate a new effort to survey customers on their satisfaction with their round of golf at the Village Links. We will use a survey service provided by the National Golf Foundation that will help us establish baselines for customer satisfaction in key areas. The results of these surveys should provide us Key Performance Indicator data from year to year, and guide us toward improving our performance in those areas. While much of the survey format and questions are structured, there is room for a few custom questions.

Maintenance Interval Frequencies

Maintenance is programmed at the following frequencies, stated in number of days between maintenance occurrences. These Maintenance Interval Frequencies (MIF) define the base standards of condition for our facilities.

Maintenance Interval Frequencies stated in # of days between task performance		
	Spring / Fall	Summer
Greens		
Mow Greens	1	1
Groom	7	14
Lightly Topdress	14	14
Mow Surrounds	3-4	2-3
Mow Long Collars	2-3	2
Tees		
Mow Tees	3-4	2-3
Mow Tee Surrounds	3-4	3-4
Seed Divots	7	7
Fairways		
Mow Fairways	2	2
Mow Par 3 Fairways	2-3	2-3
Seed Divots	21	14
Roughs		
Mow Intermediate Roughs	3-4	3-4
Mow Roughs	7	7
Trim Roughs	7	7
Trim Clubhouse Lawns	7	7
Bunkers		
Rake - mechanical	2	2
Rake - manual	2-3	2-3
Trim Edge	21	21
Edge	45	45
Miscellaneous		
Change Cups	1	1
Pick Up Litter	1	1
Seed Driving Range Tee	1-2	1-2
Mow Driving Range Tee	3-4	2-3
Mark Water Hazards	10	10
Trim around Trees	30	30
Trim Lake Banks	30	30
Trim Willow Trees	42	42
Sweep Cart paths	30	21
Edge Yardage Plates	21	21
Mow Parks (Spring)	7	7
Mow Parks	7	7