

RECREATION DEPARTMENT

Facilities

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

27-Hole Golf Course

Village Links of Glen Ellyn 240 acres

Passive Use Parks

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.

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.

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

Golf Division

Division Head: Director of Golf

Responsible for Budget Sections:

55 720 - Golf Services

55 750 - Pro Shop Merchandise

55 780 - Motorized Carts

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.

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.

Financial Overview

On average, the golf course operates on a break even basis.

Our financial goal is to generate enough revenue to cover operating expenses, \$340,000 a year in debt service and \$250,000 a year in capital replacement. We generally accomplish that goal, although weather and business conditions cause financial results to vary from year to year.

In 2005 and 2006 the golf course was only able to generate enough revenue to cover operating expenses and debt service. Virtually all capital equipment replacement was deferred.

Improved profits in 2007 and 2008 provided funds to replace the most worn capital equipment and pay the remaining \$143,000 of expense stemming from the 2006 Early Retirement Incentive Program.

Revenues continue to be soft. Demand for golf remains weakened, continuing a nationwide decline that followed September 11, 2001. Golfers have supported most of our new programming efforts, but open play continues to decline. As a result, revenue has stalled at about \$3,500,000 a year, with the number of golf rounds played dropping from 98,000 in 2000 to 75,000 in 2008.

A cost containment effort started in 2002 helped lower operating expenses from \$3,100,000 in 2000 to \$2,800,000 in 2008. Key to that effort has been a smaller full-time staff, restructured and better suited to manage today's golf business.

There is no reason to expect demand to increase and revenues to rebound. If anything, the weak world-wide economy threatens to hurt revenues.

Costs continue to rise, making it unlikely that we will be able to keep operating expenses lower than they were ten years ago.

The Village Links is well positioned. The course is popular and has an active clientele. The physical plant and equipment is in generally solid condition. Still, the future financial viability of the Village Links or any public golf business is not guaranteed.

Storm Water Detention System

The Village Links is both a golf course and a storm water detention system. The storm water detention system was built in 1966 and expanded in 1973. It 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.

The storm water is slowed as it moves from pond to pond. Silt debris washed from streets and sidewalks settles in the ponds before it can pollute downstream rivers. The water stored in the detention ponds is used to irrigate the golf course. The golf course turf filters the mildly polluted storm run off water, cleaning it before it replenishes 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 1966. During the 2003 golf course renovation, \$350,000 was spent on the storm water detention system, including pond expansion, silt removal, pipe replacement, and shoreline stabilization.

Silt Removal - Silt removal is likely to be the biggest expense incurred over the next 20 years. Some ponds will likely require silt removal during the 2020's. Disposal of detention pond silt 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. Wave erosion causes the lake banks to fall into the water, increasing the water surface and reducing the water depth. Shoreline stabilization efforts initiated in the 1970's have proved to be effective.

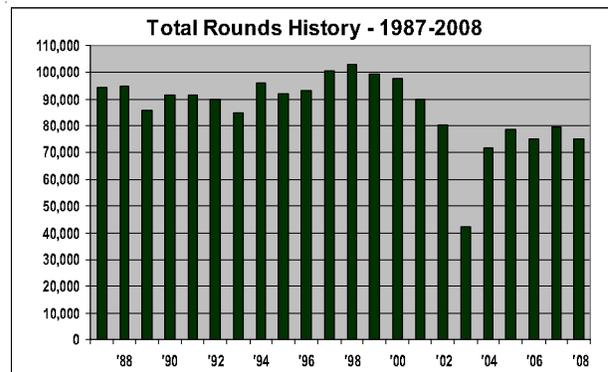
Shoreline - Village Links Ponds - 4.9 miles
 Shoreline - Panfish Park Ponds - 1.0 miles
Shoreline - Lambert Lake - .5 mile
 Total Shoreline 6.4 miles

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

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

2008 REVIEW

2008 was a successful year for the Village Links, despite a slight decline in revenue. Rounds fell to 75,000 from 79,000 in 2007 and income dropped accordingly.



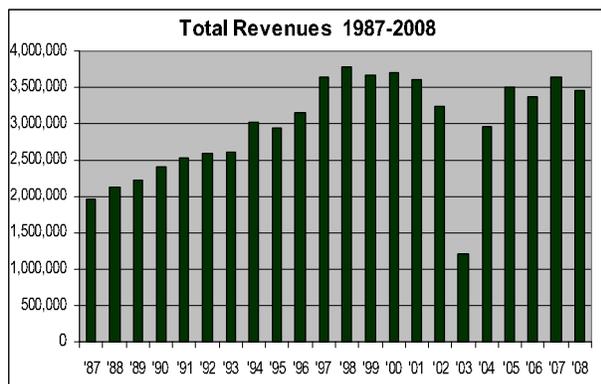
The shrinking capacity of a golf course makes it unlikely that we will see rounds above 90,000 again.

Operating expenses (before debt service) were lower than for any full season since 1995. Most of the cost saving was due to a reduction in full-time staff.

Increases in the minimum wage continue to impact operating costs, especially in Food Service. Many commodity costs were higher, as vendors passed on increased costs for raw materials and delivery. Higher energy costs were seen in several areas including fuel, utilities, fertilizer and product delivery surcharges.

Profits generated in 2007 and 2008 are being used to replace worn capital equipment. This equipment was operated well beyond its useful life, increasing maintenance and repair costs, disrupting customer service and diverting management's attention from more important tasks. The Village Links is structurally stronger now that the most worn capital items are being replaced. We need

to spend about \$250,000 a year on capital replacement to keep the facility and equipment up to date.



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

Grounds (Golf Course Maintenance)

The golf course continues to be in improved condition, as the turf planted in the 2003 renovation matures and upgrades in maintenance practices take effect. The bentgrass tees, greens and fairways are noticeably healthier.

The widespread contamination of the weed grass *poa annua* appears to have been contained. Efforts are underway to reduce the amount of *poa annua* on the course.

Mild weather with plentiful rainfall helped roughs on the 18-hole course thicken, particularly in those areas not covered by the irrigation system.

Greens were topdressed regularly for the entire season - the first time that we have accomplished this since the 2003 course renovation. Frequent topdressing results in firmer, smoother surfaces, faster putting conditions and improved ball mark recovery.

In a new effort to repair ballmarks, our grounds staff repaired 100,000 ballmarks and top dressed them with green sand. This improved recovery and improved the appearance of the greens.

Bunker maintenance was improved. We used some of the money saved from operating with a smaller full-time staff to reinstate daily raking of every bunker.

2008 was the first full season that we operated with only three full-time grounds staff members. Before five

2007 resignations, we had eight full-time staff. The golf course remained fully maintained, despite the reduction in staff. Long term, we think that five full-time staff is the optimum size for our grounds operation.

Golf

The golf staff continued to increase programming for golf and golf instruction. In-house leagues continue to grow. A series of All Day Junior Golf Camps proved very popular during their first season.

The Village Links is the most heavily programmed golf course in Illinois, offering golfers an array of options not available elsewhere.

We implemented a daily motor cart washing program to keep the new cart fleet in good condition. The result was a noticeable improvement in daily appearance of the carts.

We began email blasts as a new way to inform customers.

We published our fall aeration schedule in advance and offered green fee discounts for one week during and following aeration.

The cost of credit card processing has increased 130% in ten years, peaking at \$85,000 in 2007-08. We changed processors in 2008, lowering our costs by 15%.

Pro Shop

Pro Shop sales decreased 13% in 2008. 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.

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 increased 1% in 2008. Operating expenses increased at a faster pace, for a slight decline in profitability.

Our analysis of Food Service Profit/Loss includes the impact of providing \$66,000 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 2007-08	Estimated 2008-09	Budget 2009-10
Keep Pace Beverages	66,000	66,000	67,000
Sales	530,448	530,000	550,000
Gross Sales	596,448	596,000	617,000
Expenses	563,757	572,800	603,700
Net	32,691	23,200	13,300

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.

Customer Satisfaction Survey

In 2008 we surveyed customers to determine their satisfaction with the Village Links. The survey results showed that the Village Links has a very loyal clientele that prefers the Village Links over other area golf courses by a wide margin. Customers felt that the Village Links does a good to excellent job in almost every important area. The way we handle slow play was the one important area that received low marks. The other areas that customers graded low were things that they did not feel were important, but where they would still like to see improvements. Customers made hundreds of individual suggestions for improvements.

Examples of Follow-up To 2008 Customer Surveys	
1	Improve the effectiveness of the KEEP PACE program.
2	The motor cart fleet was washed daily.
3	Sand bunker maintenance was increased in 2008.
4	Sand was added to all bunkers on the 9-hole course.
5	The practice bunker will be rebuilt.
6	New rollers will make the greens putt smoother.
7	Repaired 100,000 ballmarks in 2008. Increasing that to 150,000 in 2009, using a new process to reduce clumping early in the day.
8	A pond difusser will be added to the pond on the left of hole #5 (18-hole course) to reduce unsightly algae.
9	Beverage cart hours were increased Friday through Sunday.
10	Breakfast sandwiches will be offered at Golf Express and Halfway House.
11	New beer and wine choices.
12	New Theme Nights in the Grill.

We will continue to take several steps to address the results of the 2008 survey.

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	1,779,208
Latest Payment - December 2008	261,960
Total Payment to date	2,041,168
Unpaid Principal & Interest	4,788,233

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, as upscale courses began 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, use of cell phones on the course 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 disappointing to the resident golfers who occupy the weekend morning times.

PREVIEW 2009-10

The 2008 golf season came to a close before the world-wide economic upheaval of late 2008 developed. There is great uncertainty as to how the broader economic climate will effect the golf industry and the Village Links. In 2009 we will monitor leading indicators to identify market shifts that warrant changes in our business operation.

We will continue to employ strategies that have proved successful the last several years. We will continue to expand the number of programmed golf events. We will continue to improve course conditions. We will continue to constrain expenses. We will replace worn capital equipment and facilities as revenues allow.

Primary Objectives for 2009

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

Greens will continue to benefit from properly maintained mowers, more effective irrigation, a balanced fertility program, and frequent light topdressing. The greens will be smoother and more consistent due to new mowers and rollers. The new mowers will also reduce scalping. The staff ballmark repair effort is being revised and expanded from 100,000 to 150,000 ballmarks. The green edges on the 9-hole course have been reshaped to their original design and will be seeded this spring, making the 9-hole course more enjoyable.

Fairways will improve from another season of sharp mowers, more fertilization, and a more intense aeration program.

Roughs will improve with continued fertilization.

Sand bunkers will be improved, especially on the 9-hole course where sand was added to every bunker late in 2008.

The Practice Bunker will be renovated. The face will be lowered, drainage will be repaired and new sand will be added.

Full-time Staff - We think that the optimum full-time staff configuration is a Golf Course Superintendent and four other full-time staff members with overlapping capabilities and shared responsibilities in all areas (Turf Management, Irrigation and Drainage, Horticulture and Mechani-

cal Maintenance). All five staff members would be developed with the eventual goal of being capable of becoming a golf course superintendent.

Golf

Programmed Golf - We will continue to increase the amount of programmed golf at the Village Links in 2009, including leagues, tournaments and instructional schools and classes.

Customer Satisfaction Survey - We will continue to survey customers on their satisfaction level with the Village Links. Survey results will be used to improve our offering and provide a measurement of overall success.

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 and 2008. We will give it another year or two to see if we can develop a clientele for this product.

Keep Pace Program - We will modify the Keep Pace Program that helps keep play moving throughout the course. This is a key customer service. In the 2008 customers satisfaction survey, customers agreed that the Keep Pace program should be improved, but they did not agree on what would constitute an "improvement".

Direct Mail Coupons - We will continue to use a scaled back direct mail coupon program promoting the driving range, 9-hole course and Village Links Grill. This program generates \$80,000 in coupon sales

Email Communication - We will continue to use email to communicate with customers.

Website - We continue to provide expanded content on our website, which has seen significant increases in visitor traffic. Unfortunately, website traffic seems to have little impact on revenues.

Point-of-Sale System - We look to replace our Point-of-Sale (POS) System for use in 2010. A new POS system will allow us to significantly upgrade customer service in several areas, including allowing customers to schedule tee time via the internet.

Keep Pace Beverages - We will again give a complimentary beverage to golfers who KEEP PACE. In 2009, 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 golfsales. 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. New efforts in 2009 will include a broadened beer and wine selection and Nightly Themed Specials on select days. We will increase the use of the beverage cart on busy days, in response to comments in the 2008 customer satisfaction survey.

IMRF - Retirement Fund Contributions

The employer portion of retirement fund contributions is growing faster than most other expenses. This expense was 1% of full-time salaries six years ago and is 9% in the 2009-10 budget, \$80,000 in total. This includes an additional \$21,000 to cover seasonal staff mandated for inclusion in this program. Because of investment losses in the state fund, our contribution rate will almost double next year.

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. Until the

profitable years of 2007 and 2008, 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.

In 2008-09 and 2009-10 we have funded significant capital replacement for the first time in several years. After 2009-10, we will start getting back on a reasonable replacement schedule. It will take several years of capital replacement expenditures at \$250,000 before we are back on schedule with a full complement of equipment and facilities in solid 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

Emerald Ash Borer

The Emerald Ash Borer is an insect that has been found throughout the Chicago area. Unchecked, it will likely kill all of the 450 ash trees on the Village Links over the next several years. In 2008 we began a program of injecting ash trees with the insecticide Pointer®. Pointer® contains the active ingredient imidacloprid, which is proven to protect an ash tree for at least two years. Our goal was to protect the 200 most valuable ash trees and evaluate the program. We were prepared to spend \$6,000 annually on insecticide and labor on this project. We were disappointed with the amount of labor required for this treatment. We are studying alternate treatment systems using the same active ingredient.

2009 GOALS

We have six Major Goals for the 2009 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, particularly golf revenues, grow steadily.

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 \$250,000 in 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) - \$2,700,000

Pro Shop - \$220,000

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, 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).

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

Customer Satisfaction - In 2009 we will continue to survey customers on their satisfaction with their round of golf at the Village Links. The results will help establish baselines for customer satisfaction in key areas.

Meet Target Maintenance Interval Frequencies (MIF)

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	10	10
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	1	1
Rake - manual		
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