



August 20, 2018

Angela Kraetsch  
 Director of Finance  
 Sports and Open Space Authority  
 City of Santa Clara  
 1500 Warburton Avenue  
 Santa Clara, CA 95050

Re: Santa Clara Golf & Tennis Club Variance Report for the Quarter Ended June 30, 2018.

Dear Ms. Kraetsch:

The following provides a brief explanation of revenue and expense variances compared to budget for the quarter ended June 30, 2018:

	<b>FAVORABLE/ (UNFAVORABLE) VARIANCE</b>	<b>SUBTOTAL</b>	<b>VARIANCE – EXPLANATION</b>
<b>INCOME:</b>			
INSTRUCTION	2,092		Higher than budgeted revenue due to income from Nike summer camps and City Parks and Recreation classes.
GREEN FEES	(16,846)		Lower than budgeted revenue due to fewer tournaments booking and playing than budgeted. In addition, the opening of Baylands in Palo Alto moved play away from Santa Clara.
CART RENTAL	(1,485)		Lower than budgeted revenue due to fewer tournaments booking and playing than budgeted. In addition, the opening of Baylands in Palo Alto moved play away from Santa Clara.
RANGE INCOME	24,928		Higher than budgeted revenue due to closure of the Pin High driving range facility.
TENNIS INCOME	5,686		Higher revenue due to start of the Bay Area Industrial Tennis League starting play.
MERCHANDISE	17,164		Higher than budgeted revenue due to stronger sales in golf equipment, balls and gloves.
OTHER INCOME	6,408		Higher than budgeted due to increased rental club usage and fees from the Junior golf program .
<b>TOTAL INCOME VARIANCE</b>		<b>37,946</b>	

	<b>FAVORABLE/ (UNFAVORABLE) VARIANCE</b>	<b>SUBTOTAL</b>	<b>VARIANCE – EXPLANATION</b>
<b>COST OF SALES MERCHANDISE</b>	(14,123)	(14,123)	Higher than budgeted merchandise sales increased cost of sales.

	<b>FAVORABLE/ (UNFAVORABLE) VARIANCE</b>	<b>SUBTOTAL</b>	<b>VARIANCE – EXPLANATION</b>
<b>OPERATING EXPENSES:</b>			
SALARIES/WAGES	27,267		Lower expense due to having fewer full-time maintenance employees than budgeted and using management to cover hourly shifts in the shop and carts.
WATER	(14,409)		Higher irrigation expense due to increased watering for increasing turf density in fairways.
POWER	347		Lower expense due to less HVAC usage due to mild weather.
SEED, SOIL, FERTILIZER	4,547		Lower seed, soil and fertilizer expense due to improving turf conditions.
REPAIR & MAINTENANCE	(1,894)		Higher expense due to building maintenance including re-striping the parking lot and adding a bannister to the main stairway. Higher expenses for equipment repairs and maintenance.
SUPPLIES	5,483		Lower supplies expense due to decreased usage of facilities.
UNIFORMS/LAUNDRY	414		Lower uniform expense due to fewer full-time maintenance staff.
BANK AND CARD FEES	4,906		Lower expense due to fewer charges on credit cards than budgeted.
LEASE/RENTAL	1,869		Annual budget based on lease costs for expired leases and replaced with lower cost leases – i.e. Yamaha carts
SANITATION	4,015		Lower expense due to eliminating non-essential purchases.

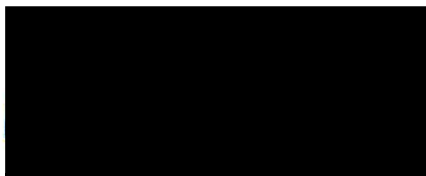
RANGE BALLS	(751)		Higher expense due to one-time greater than budgeted amount of range balls purchased with the goal of eliminating the planned fall purchase of range balls.
OTHER EXPENSES	929		Higher expenses due to using a professional rodent service to reduce gopher and ground squirrel populations.
MGMT/ADM FEES	(1,429)		Lower fees due to financial results not meeting plan.
INSURANCE	3,975		Lower expense due to annual budget including a provision for property insurance that was eliminated in the new management agreement.
OTHER VARIANCES	(131)		Expense categories with variances of less than 10%.
TOTAL EXPENSE VARIANCE		35,137	

NET INCOME VARIANCE		58,961
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Note: Totals may not add to the dollar due to rounding.

Please feel free to contact me with any questions.

Sincerely,



Lynn Jones  
 General Manager  
 Santa Clara Golf & Tennis Club

