

RCSC Management Report – July 24, 2019

Financial:

Financial Report

Since there is no monthly Board meeting in the month of July, the Treasurer's Report will be included in this management report. RCSC's Investment Policy (Bylaws Article XIII) is stringent in its requirements with the priority of investment objectives to be placed in this order: 1) safety, 2) liquidity, and 3) yield.

At the end of the second quarter 2019, \$5,041,884.98 (cost basis) of the \$5M unrestricted cash reserve and other unrestricted funds have been invested in various FDIC insured certificates of deposit, treasury bills and corporate bonds. In 2019, these investments along with the unrestricted money market account have produced interest income of \$57,329.84 with management fees of \$4,887.92 for a net income on unrestricted fund investments of \$52,441.92.

As of June, 2019, \$5,195,961.64 (cost basis) of the \$5M restricted capital reserve plus interest earned has been invested in various FDIC insured certificates of deposit and corporate bonds. Year-to-date, these investments have produced interest income of \$63,639.58 with management fees of \$4,908.53 for a net income on restricted capital reserve investments of \$58,731.05.

At the end of the second quarter 2019, \$8,949,695.10 (cost basis) of the approximate \$12.5M in the restricted Preservation and Improvement Fund has been invested in various FDIC insured certificates of deposit, treasury bills and corporate bonds. Year-to-date these investments have produced interest income of \$120,076.26 with management fees of \$8,180.44 for a net income on restricted fund investments of \$111,895.82.

The Recreation Centers of Sun City, Inc. (RCSC) has ended June 2019 within its operating and capital budget year-to-date. Every division has met or exceeded its net operating budget projections year-to-date with Bowling and Member Services once again exceeding both income and expense targets. Golf revenue continues to fall short of budget due to unexpected, inclement weather driving gross income unfavorable by (\$94,498) year-to-date. However, June monthly revenues exceeded budget by \$28,555 driving down year-to-date gross income unfavorability. This represents two consecutive months of favorable revenue results. Golf net operating income remains favorable by \$220,910 primarily driven by decreased spending in utilities and wages. General and Administrative expenses continue to be below budget with June ending \$159,914 favorable to budget.

Cardholder Services

Payments on past due assessments in June were 13.1% of past due balances. Overall accounts receivable decreased in June by 2.8% and is up 9.0% from the beginning of the year. Overall accounts receivable past due balances have increased 3.3% since the beginning of the year. May assessments went 30 days past due at 6.9% rate and April assessments went 60 days past due at a 3.2% rate.

Payments from our third-party collections firm totaled \$6,116 in June. Year-to-date payments through our third-party collections firm total \$49,477. Payments made in June by Cardholders through the online RCSC Web Portal totaled \$129,676 from 289 property owners. Year-to-date web portal payments total \$848,914 from 1,852 property owners.

In June, property transfer balances increased by 4.2%. Outstanding balances related to property transfers represent 50% of all receivables and 51% of past due balances. As of June there are no pending balances for lender owned properties. At the end of May trustee sale notices on Sun City AZ properties ended at 37 and properties owned by lending institutions decreased to 3.

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Projects:

Fairway Center

- Repaint Fairway Center

Bid packet has been approved by the Board Bid Commission. This project began the week of 7/15/2019 and is projected to take 6-7 weeks to complete. Work in the pool area will be scheduled after the completion of the projects at Bell Center due to the need to close the Fairway pool area to paint in that area.

Contractor: Silverado Painting (Cost \$75,000)

Bell Center

- Pool Deck Replacement

The installation of the rubber decking surface at Bell Center has been postponed and will not be completed in 2019. Patching of problem areas in the deck surface will be completed during the current closure period instead. Based upon the scheduling of this patching repair work that is to begin on 7/25/2019 the closure of the pool area at Bell Center will be extended through 8/9/2019.

Contractor: Imagine Architectural Concrete (Cost \$25,000)

- Lap Pool Pebble Sheen Replacement

Work is nearing completion. Touch up tasks are scheduled to be completed the week of 7/22/2019. This project includes the chip out of the existing finish, replacement of pebble sheen surface, waterline tile, depth markers, new drain covers, and LED retrofit kits for lights. Bid packet approved by Bid Commission and contract executed.

Contractor: CDC Pools, RCSC Skilled Trades (Cost \$59,263)

- Walking Pool Pebble Sheen Replacement

Work is nearing completion. Touch up tasks are scheduled to be completed the week of 7/22/2019. This project includes the chip out of the existing finish, repair of broken bench, repair of 2" water supply line, replacement of pebble sheen surface, waterline tile, depth markers, new drain covers, and LED retrofit kits for lights. Bid packet approved by Bid Commission and contract executed.

Contractor: CDC Pools, RCSC Skilled Trades (Cost \$60,838)

- Outdoor Spa Pebble Sheen Replacement

Work is nearing completion. Touch up tasks are scheduled to be completed the week of 7/22/2019. This project includes the chip out of the existing finish, replacement of pebble sheen surface, waterline tile, depth markers, new drain covers, and LED retrofit kits for lights. Bid packet approved by Bid Commission and contract executed.

Contractor: CDC Pools, RCSC Skilled Trades (Cost \$8,068)

- Pool Filter and Pump Replacement – Walking Pool

All work has been completed and the new filters are operational in the walking pool. Original project to complete the filter replacement for the walking pool and the pump. Replacement of the pumps was not needed at this time and thus not completed.

Contractor: Exceptional Water Systems, Osiris Pools and Spas (Cost \$24,095)

- Pool Filter Replacement – Outdoor Spa

All work has been completed and the new filters are operational in the outdoor spa. Replacement of the outdoor spa filters added so these were completed during the current outage period for the pool area at Bell Center.

Contractor: Exceptional Water Systems, Osiris Pools and Spas (Cost \$11,384)

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- Lapidary Club Room

Work is in progress. Ceiling grid and new lights have been installed. HVAC vents and fire sprinklers have been extended to new ceiling grid height. Floor prep has been completed and stain and finish coat expected to be completed by 7/25/19. The floor work is several days behind schedule and may impact completion date for the project by up to a week. Work will include flooring, ceiling grid, overhead lights, cabinetry, and environmental remediation.

Contractor: Multiple (Cost \$82,179)

- Repaint Bell Center

Work is in progress. Work in the clubs area began 7/22/2019 with changes to club schedules necessary due to working in this area. Buildings are projected for completion by 8/19/2019 with wrought iron fencing and block walls to be completed after this time. Project includes painting of all buildings, doors, wrought iron and gates, light canopies, and block walls.

Contractor: Ghaster Painting & Coatings (Cost \$166,235)

- Silvercraft Club Room

Bid packet sent for approval on 7/5/2019 and has been approved. Work will include flooring, ceiling grid, overhead lights, cabinetry, paint and environmental remediation. Work began the week of 7/22/2019 and there will be some overlap in closure with the Bell Lapidary club room work.

Contractor: Multiple (Cost \$81,955)

- Table Tennis Flooring

Work is scheduled to begin the first week in August and expected to take 3 weeks to complete. This project includes the removal of the current VCT flooring, environmental remediation, floor prep and replacement with padded flooring material. Costs for the environmental remediation and floor prep increased cost over projected budget. Bid packet approved by Board Bid Commission.

Contractor: Damage Demolition, AZ Resource Flooring (Cost \$30,816)

- Library Book Drop

The proposed work scope and costs for this project were provided to the Maricopa County Library District management for review and approval. After this step the information will be forwarded to the Friends of the Library for approval. This project includes the placement of library book drops on an island on the north access road behind the library, installation of an access gate in the block wall and lighting upgrades along the access road. The costs of this project are to be reimbursed by the Friends of the Library.

Contractor: TBD (Cost \$67,403)

- Social Hall Kitchen Retrofit

This project will not be completed in 2019 and will be rescheduled for completion in 2020.

Contractor: TBD (Budget \$20,000)

Grand Ave

- Analysis of the submitted bids has been completed and the bid packet has been submitted to the Board Bid Commission as of 7/24/2019. Upon approval the selected general contractor will be notified, and the project started.
- The permit for the deceleration lane from ADOT is still pending.
- No progress on allocating the open club space in the second building has been made.

Lakeview Center

- Upper Restroom Remodel

The revised plans received needed additional corrections which are in progress. Once final plans are received the project will be bid and submitted for approval.

Contractor: TBD (Budget \$110,000)

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- Center Upper Roof Recoat

Work began on 7/15/2019. Work expected to be completed by 7/26/2019 and is dependent upon the weather.

Contractor: Lyons Roofing (Cost \$46,900)

- Artists By The Lake Club Room

Work in progress. Demo of ceiling and flooring complete, along with the environmental remediation. Painting has been completed. Cabinets and countertops have been installed. Upcoming tasks will include electrical rough in for lighting, extension of duct work and the installation of the ceiling grid. Work will include flooring, ceiling grid, overhead lights, cabinetry, paint and environmental remediation. Bid packet submitted to the Board Bid Commission and approved. Expected completion by the end of August.

Contractor: Multiple (Cost \$59,000)

Marinette Center

- Pool Deck Replacement

No change on this project. Work for this project is now tentatively scheduled for three weeks in September. Formal bid packet for Bid Commission is pending.

Contractor: TBD (Cost \$125,000)

- Pickleball Pavilion Lighting

Bid packet submitted for approval as of 7/24/2019. Proposed solution provides desired light levels of approximately 100 foot candles at play level with an environmental ambient operating temperature of 131 degrees. Project to begin upon approval with installation anticipated to be completed in 45-60 days.

Contractor: TBD (Budget \$180,000)

Sundial Center

- Club Restroom Remodel

The revised plans received needed additional corrections which are in progress. Based upon project priorities this project will be delayed in starting until late summer.

Contractor: TBD (Budget \$100,000)

South Pro Shop

- No progress to date on the pending tasks that include wall coverings, pendant lighting at the seating bar, asphalt repair at the north and south ends of the parking lot, and building signage at the entry. The asphalt work is scheduled for completion during course closure for overseeding in the fall.

Golf & Grounds:

Pro Shops

Once again this year we will be participating in Patriot Golf Day. Patriot Golf Day was organized, with the help of PGA of America, to raise funds for the Folds of Honor Foundation. The money raised is used to fund scholarships for spouses and children of military service men and women killed or disabled while serving our Country. Starters will be collecting donations through the pro shops from August 30 through September 4. In addition to donation collection, we will be hosting a Skins game on August 30, open to all golfers. Proceeds from the event will be added to our fundraising efforts. The event will begin at 7:00am at the South Golf Course with a shotgun start.

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Snack Shops

We invite all of our residents to try our snack shops for breakfast or lunch. The snack shops open daily at 6:00am and are open for lunch through 1:00pm for the summer months.

Course Maintenance

The practice area at the South Golf Course sodding and sprigging was completed on July 2. The grow-in of the area is proceeding as expected. The complex is currently fertilized weekly and will top dressed for the first time the week of July 22. The practice area is expected to be available for use by September 30. The putting surfaces will not be overseeded for the 2019/2020 golf season, therefore the pace of the green will be substantially different than those on the course. Faster green speeds can be expected throughout the summer of 2020.

Installation of the forward tees at Lakes West is nearing completion. Currently the tees on holes 15 through 18 are receiving their final leveling. The tee complexes will begin receiving sod on Thursday, July 25. We expect to open the tees for use in September.

Greens aerification will be complete August 7, with the aerification of the Willowbrook greens. This process will mark the end of our major agronomic practices. As outlined in previous reports, all of these practices are necessary and help to promote healthy turf year round. We understand the impact many of these practices have on the golfing experience and we appreciate the patience of the golfing community.

In May, we reported an increase in golf rounds driven by the unseasonably cool temperatures, a trend that continued into June. The additional revenue is certainly welcome, helping to offset the first quarter to a degree, the cool weather does bring agronomic challenges. Quoting a recent USGA Green Section Article, written by Brian Whitlark, "Everyday day, every year, golf course superintendents adjust agronomic practices and programs based on local weather conditions and patterns. This year the primary challenge throughout the Southwest has been increased weed pressure and a significant delay in aggressive bermudagrass growth and recovery from overseeding due to mild temperatures in May and June." The experience has been the same within the RCSC family of courses. Normally by mid-June we have experienced the bulk of our transition away from winter rye to summer bermuda. This year the winter rye was slower to die off and in the areas which it did were slower to recover. Now that we are expected to move into a more normal monsoonal flow the fairways will begin to recover quickly, we do ask for your patience and understanding as we move through this process.

Grounds/Lawn Bowling

The cooler summer temperatures have slowed the grow-in of the greens at both Mountain View and Oakmont. Both greens are being mowed on a regular basis, however we have not yet begun the process of laser leveling/top dressing. This first of these processes is scheduled for the last week in July. Though delayed we expect both greens to be ready for play in October.

The good news with the delayed monsoons, is we have had no clean up needed as a result of storms. The grounds crew remains busy with day to day cleanup of landscaped areas and light tree trimming. Focused efforts are being made to reduce the amount of nutsedge in turf areas, primarily around the Lakeview Center.

General:

For those who may not be aware, the monthly management report is available on our website www.suncityaz.org under the RCSC tab. Also, if you have not done so already, please sign up on the RCSC email list where you can designate topics of interest and stay in the loop with RCSC News Alert Emails!