

RCSC Management Report – August 27, 2019

Financial:

Financial Report

The Recreation Centers of Sun City, Inc. (RCSC) has ended July 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 overall income at budget and overall operating expenses 10% favorable to budget. This has led to an overall operating excess 30% favorable to budget. In the month of July overall RCSC has exceeded revenue and operating expense targets by 4% and 2% respectively. The month of July was led by the Bowling division with 11% favorability in both revenue and operating expense. Golf continues to improve with July actuals exceeding budget by 4% in both revenue and operating expense. This represents three consecutive months with favorable results in Golf. General and Administrative expenses continue to be below budget with July ending 10% favorable YTD.

Cardholder Services

Payments on past due assessments in July were 10.4% of past due balances. Overall accounts receivable decreased in July by 1.4% and is up 6.0% from the beginning of the year. Overall accounts receivable past due balances have increased 0.2% since the beginning of the year. June assessments went 30 days past due at 7.2% rate and May assessments went 60 days past due at a 3.5% rate.

Payments from our third-party collections firm totaled \$4,245 in July. Year to date payments through our third-party collections firm total \$56,884. Payments made in July by Cardholders through the online RCSC Web Portal totaled \$126,548 from 263 property owners. Year to date web portal payments total \$975,462 from 2,115 property owners.

In July property transfer balances decreased by 1.0%. Outstanding balances related to property transfers represent 50% of all receivables and 51% of past due balances. As of July there are no pending balances for lender owned properties. At the end of July trustee sale notices on Sun City properties ended at 42 and properties owned by lending institutions decreased to 2.

Projects:

Fairway Center

- Repaint Fairway Center

The Fairway Center pool was closed from 8/19/2019-8/23/2019 to paint the pool area. This was completed and the pool area reopened as scheduled on 8/24/2019. Substantial completion of this painting project is expected by 8/30/2019 and the project reviewed for any punch list areas at that time.

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

Bell Center

- Pool Deck Replacement

As previously reported, this project was not able to be completed at this time and is expected to be completed in the future. Rather than leave significant problem areas unaddressed after the extended closure period, we decided to patch areas of the pool deck to alleviate the deteriorating condition of the cool decking material. This patching work was intended to address the most problematic areas that Cardholders walked on and did not include all the problem areas. We were sensitive to increasing the closure period significantly longer to address all problem areas. While imperfect due to not all areas being addressed at this time, the work completed provides for better under foot experience in most areas on the pool deck. The contractor selected did a very good job in patching the areas that we identified for completion and completed the work within a fiscally prudent budget and in an aggressive time frame. No further work on the cool decking at Bell Center is planned this year with the full resurfacing of the deck to be scheduled in the future.

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

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Bell Center (cont.)

- Lap Pool Pebble Sheen Replacement
All work completed and pool area reopened on 8/6/2019. This project included 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.
Contractor: CDC Pools, RCSC Skilled Trades (Cost \$73,488)
- Walking Pool Pebble Sheen Replacement
All work completed and pool area reopened on 8/6/2019. This project included 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.
Contractor: CDC Pools, RCSC Skilled Trades (Cost \$60,838)
- Outdoor Spa Pebble Sheen Replacement
All work completed and pool area reopened on 8/6/2019. This project included 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.
Contractor: CDC Pools, RCSC Skilled Trades (Cost \$8,068)
- Fitness Lobby Carpet Replacement
The carpet and carpet base in the fitness lobby area was replaced during the pool closure time period.
Contractor: ReSource AZ (Cost \$10,204)
- Lapidary Club Room
Work is substantially complete and the club is moving back into the club room. Final pending items include corrective work on several cabinets and repair of the sales room roll up window covering that will be scheduled in the next two weeks. Work included flooring, ceiling grid, overhead lights, cabinetry, and environmental remediation.
Contractor: Multiple (Cost \$82,179)
- Repaint Bell Center
Work has been completed. There was some concern that there was overspray on the metal roofing areas on the 99th Ave side of the building but before photos show this was present prior to the work beginning and not attributable to this work. Project included painting of all buildings, doors, wrought iron and gates, light canopies, and block walls.
Contractor: Ghaster Painting & Coatings (Cost \$166,235)
- Silvercraft Club Room
Work has progressed well over the past month. Current pending items are the completion of cabinetry by RCSC Skilled Trades and will be completed over the next several weeks. Club items are planned to be moved back into the room from storage on 9/4/2019. Work included flooring, ceiling grid, overhead lights, cabinetry, paint and environmental remediation.
Contractor: Multiple (Cost \$81,955)
- Table Tennis Flooring
The flooring has been installed, tables moved back into the room and play resumed. The installation of the rubber base is scheduled for Friday 8/30/2019 and will complete this project.
Contractor: Damage Demolition, AZ Resource Flooring (Cost \$30,816)
- Sconce Lighting Upgrades
The sconce lighting under the canopies in the 99th Ave entry area, walkway to the social halls, and the pool area were identified for replacement. The hexagonal shades have deteriorated and are unable to be replaced with like fixtures. An LED sconce fixture was identified for these areas. The fixtures were ordered in late May and have been delayed in delivery from the manufacturer. The 105 fixtures have now been received with the installation beginning on 8/29/2019 and estimated to take 3-4 days to complete.
Contractor: Accel Electric (Cost \$41,160)

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Bell Center (cont.)

- Library Book Drop

The proposed work scope and costs for this project were approved by the Maricopa County Library District, Friends of the Library, and the RCSC bid commission. The initial contractor meeting was held on 8/21/2019. The project dates are currently being developed and work will likely start the third week in September. Book drop components to be ordered by 8/30/2019. 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: Regional Paving, Accel Electric, Kingsley Equipment (Cost \$67,403)

Grand Ave

- Review of the submitted bids was completed, and the recommended general contractor and project costs submitted to the Bid Commission on 7/24/2019. The bid commission approved the bid packet and Adolfson & Peterson has been awarded the contract for the completion of the existing building, site work and deceleration lane at the Grand Ave property. The mobilization for this project is expected the beginning of September with a 7-month construction timeframe.
- Progress on the ADOT permit has been made in the past several weeks. Currently pending insurance documents for the final permit submission with ADOT. The final permit submission is expected to be completed by 8/30/2019.
- We have met with the Vintage Vehicle Club and answered questions regarding space allocation and layout. The club is reviewing the space to determine how best to utilize the space for their anticipated work flows. This space planning is necessary for engineering and mechanical plans to be developed. We are still working on the assignment of the additional club space in the second building on this site.

Lakeview Center

- Upper Restroom Remodel

The architectural plans were sent to contractors for bidding as of 8/22/2019 with responses requested by 9/10/2019. Upon review of submitted bids a general contractor will be selected, and the bid packet submitted for approval by the Bid Commission.

Contractor: TBD (Budget \$110,000)

- Center Upper Roof Recoat

This work was completed as of 7/26/2019 as anticipated.

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

- Warehouse Roof Recoat

The current roof of the Lakeview Warehouse needs an elastomeric recoating. This project is approved and pending scheduling.

Contractor: Lyons Roofing (Cost \$7,072)

- Artists by The Lake Club Room

Work is substantially complete, and the club is moving back into the club room. Work included flooring, ceiling grid, overhead lights, cabinetry, paint and environmental remediation.

Contractor: Multiple (Cost \$59,000)

Marinette Center

- Pool Deck Replacement

The bid packet for this project was submitted to the Bid Commission and approved. This project will include the preparation of the delaminating areas of the current deck and the installation of a rubber decking material throughout the pool, spa and shower areas. Based upon historical usage of this facility this work has been pushed to November and will be completed from 11/11/2019-11/27/2019 with the pool area reopening for the Thanksgiving holiday weekend. With night time temperatures

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Marinette Center - Pool Deck Replacement (cont.)

going into the low 50s this is the latest in the year that this work can be scheduled as lower temperatures affect the curing of the surface. This schedule has been reviewed with the Aqua Fitness club and the club is adjusting their scheduling to accommodate the work schedule.

Contractor: Rubaroc USA Inc. (Cost \$125,328)

- Pool Filter Replacement

The bid packet for this project was submitted to the Bid Commission and approved. This project will include the replacement of the existing cartridge filters for the pool with deep bed sand filters with glass media. The replacement filters will provide more granular filtering and allow for backwashing of filters rather than manual cartridge cleaning. The replacement of the filters will be done during the closure period for the pool deck replacement.

Contractor: Exceptional Water Systems, Osiris Pools (Cost \$31,261)

- Spa Filter Replacement

The bid packet for this project was submitted to the Bid Commission and approved. This project will include the replacement of the existing cartridge filters for the spa with deep bed sand filters with glass media. The replacement filters will provide more granular filtering and allow for backwashing of filters rather than manual cartridge cleaning. The replacement of the filters will be done during the closure period for the pool deck replacement.

Contractor: Exceptional Water Systems, Osiris Pools (Cost \$20,600)

- Pickleball Pavilion Lighting

This project has received bid commission approval. Sample fixtures were installed to assist in the light output color selection. These samples were reviewed with a Pickleball Club resource to determine the correct fixture. The order of the fixtures has been completed and the installation will be scheduled upon confirmation of a delivery timeframe.

Contractor: Accel Electric (Cost \$63,992)

Oakmont Center

- North Parking Lot Lighting

The approved additional lighting in the north parking lot adjacent to the auditorium was installed as of 8/23/2019. This included the addition of two light poles in the parking lot along with new poles for handicap signage. The lights are operational with final pending items including the stucco of the light pole bases and the installation of the handicap signage.

Contractor: Accel Electric (Cost \$6,529)

Sundial Center

- Club Restroom Remodel

The architectural plans were sent to contractors for bidding as of 8/22/2019 with responses requested by 9/10/2019. Upon review of submitted bids a general contractor will be selected, and the bid packet submitted for approval by the Bid Commission.

Contractor: TBD (Budget \$100,000)

- Roof Drain Repairs

The cast iron roof drains over the east club areas were replaced with PVC drains and connected so there is no longer leaking in these drains. These leaks caused drywall damage in the hallway outside the Silverstones club and on the wall above the spas. The project to paint the hallway above the pool area has been pending this repair and will be scheduled.

Contractor: Sunland Plumbing (Cost \$19,514)

- Silverstones Club Room

The painting of the Silverstones club room began on 8/5/2019 and has been completed. The delivery of the display lighting components has been delayed with the lighting still pending at this time. The club will be moving back into the space and the lighting coordinated upon receipt of the components.

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Sundial Center - Silverstones Club Room (cont.)

This project included drywall repair, printing of the club room and installation of LED lighting in the display cases.

Contractor: Exquisite Painting, Accel Electric (Cost \$12,678)

- **East Parking Lot Lighting Improvements**

Additional lighting is being added to the solar canopies on the east side of the center to provide better night time illumination adjacent to the building. Similar fixtures have been added to other centers and provided the desired lighting improvements. Fixtures have been ordered and installation to be scheduled upon delivery.

Contractor: Accel Electric (Cost \$7,667)

South Pro Shop

- All bids for the parking lot paving have been received. The recommended contractor will be presented to the bid commission for approval, along with the additional costs for the patio counter, pendant lighting and building signage by 8/30/2019. The asphalt work is scheduled for completion during course closure for overseeding in the fall.

Golf & Grounds:

Pro Shops

Total rounds for July increased by 10.5% compared to prior year, due in large part to last year's closure of Willowcreek and Willowbrook. The total rounds played in July also represent the 3rd highest number of total rounds played in the last seven years.

We currently have 50 participants signed up to participate in our "Patriot Day" golf event on August 30th. This total is behind the 94 participants we had last year, though we are still accepting applications at the time of this writing. "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. Money raised from the tournament will be added to dollars collected by our starters from August 30th through September 4th.

Snack Shops

Snack Shop revenue exceeded total budget for the month. For the year the snack shops are behind revenue budget and ahead of total gross income budget. Snack Shops continue to have a regularly scheduled closing time of 1:00 p.m.; however, this closing time can be extended based on demand.

Golf Course Maintenance

Overseeding will begin on September 30th on North, Lakes West, Willowbrook and Riverview. These courses will reopen October 19th, with cart path restrictions in place until November 8th. The remaining courses will close October 21st and reopen November 9th with cart path restrictions in place until November 22nd. We are currently not planning an overlap period during which all courses will be closed; however, we will be monitoring long range forecasts as we near the September 30th start date. Should forecasted temperatures prove problematic for overseeding, we will move the start date for the first wave of course closures to October 7. Should this change prove necessary it will result in an overlap period of course closures, as we would not move the second wave of courses back.

The summer projects at both South and Lakes West are complete. The practice area is going through the final stages of grow-in. In the coming weeks we will be verticutting the surface and adding top dressing. We expect to be able to open the practice area for use by the end of

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Golf Course Maintenance *(cont.)*

September. The forward tees on Lakes West are also in the final stages of growing in. Mowing heights are slowly being lowered to normal playing heights. We expect the tees to be ready for use by the middle of September. Lakes West was recently re-rated by teams from the Arizona Golf Association and Arizona Women's Golf Association, including the new tees. Once available, these ratings will be posted in the pro shop and included on future scorecards.

Lawn Bowling/Grounds

The newly surfaced greens at Mountain View and Oakmont are progressing, despite an inactive monsoons season. Both greens have been laser leveled twice and are scheduled to be tested by bowlers on August 28th.

The grounds crew remains busy with regular maintenance; however, they are enjoying the inactive monsoon season. A definitive date for overseeding the softball field has not been decided, but it will occur at the end of September and the field will be closed for three weeks.

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!