

RCSC Management Report – October 24, 2019

Financial:

Financial Report

The Recreation Centers of Sun City, Inc. (RCSC) has ended September 2019 within its operating and capital budget year to date. All divisions have met or exceeded their net operating budget projections year to date with overall income 1% favorable to budget and operating expenses 5% favorable to budget. Year to date operating excess is 29% favorable to budget. In the month of September RCSC has exceeded budgeted revenue by 1%. Operating expenses also were favorable to budget in September by 20% primarily driven by the timing of seed expense and lower utility costs. RCSC Net Operating Excess ended the month of September favorable to budget led by both Golf and Building and Infrastructure.

Cardholder Services

Payments on past due assessments in September were 12.7% of past due balances. Overall accounts receivable increased in September by 1.2% and is up 3.0% from the beginning of the year. Overall accounts receivable past due balances have increased 1.0% since the beginning of the year. August assessments went 30 days past due at 7.6% rate and July assessments went 60 days past due at a 4.7% rate.

Payments from our third-party collections firm totaled \$9,907 in September. Year to date payments through our third-party collections firm total \$74,570. Payments made in September through the online RCSC Web Portal totaled \$103,950 from 233 property owners. Year to date web portal payments total \$1,197,596 from 2,604 property owners.

In September property transfer balances increased by 1.1%. Outstanding balances related to property transfers represent 51% of all receivables and 51% of past due balances. At the end of September trustee sale notices on Sun City AZ properties ended at 33 and properties owned by lending institutions decreased to 4.

Projects:

Bell Center

- Silvercraft Club Room

The final task of the installation of the cabinet doors has been completed. Cabinet numbers have been received and will be installed. This will complete this club room project. Work included flooring, ceiling grid, overhead lights, cabinetry, paint and environmental remediation.

Contractor: Multiple (Cost \$81,955)

- Library Book Drop

All work in the roadway, inclusive of the island and return box installations, was completed by 10/15/2019. The library returns and roadway were open for use on 10/15/19. Pending are the lighting modifications that are expected in the coming weeks. 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)

- Bell Electrical Outage

An electrical event on 10/8/19 in a conduit feeding electrical service from the service entry on the South side of the Bowling Alley to the clubs area has severely damaged this service feed causing a loss of electrical service and circuit breakers providing power to the Stained Glass, Silvercraft, Lapidary, and Sewing/Quilting club rooms. Due to safety concerns access to these rooms is not permitted until the electrical service is restored. In addition to internal RCSC resources involved in investigating and repairing this issue RCSC is assisted by Accel Electric, our insurance claims adjuster and an electrical engineer. An electrical shutdown at this center is scheduled for 10/29/19 at approximately 4:00AM to allow the removal of electrical cables from the conduit. After this removal

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the conduit will be scoped with a camera to determine the extent of the damage to the service conduit. The total repair time has been estimated at 6 weeks.

Grand Ave

- After the waiting period for the abatement process the demolition tasks at the Grand Ave site have begun. As of 10/22/19 ½ of the asphalt and ¾ of the hardscape have been removed with the removal of all of these items scheduled by 10/28/19. All demolition activities are projected to be completed by 11/1/19. After that time site grading and underground utility work will begin.
- The off-site work in the ADOT right of way is scheduled to begin on 11/1/19 with completion scheduled for 12/24/19, inclusive of final inspection and approval.
- Input response has been received from the Vintage Vehicle Club regarding space design items. This is scheduled for review with the architect on 10/24/19.

Lakeview Center

- Upper Restroom Remodel

The bid packet was approved by the Board Bid Commission. The restrooms were closed, and work started on 10/8/19. Abatement and demo have been completed. Ceiling grid layout, fire sprinkler extensions and HVAC extensions have been completed. Plumbing rough in has started. Leaks in the existing cast iron pipes were identified during the pressure test of the waste lines. Multiple bids for the repair of this unexpected expense have been received and submitted for required additional funding to the approved contingency. The replacement of these pipes will push back the tile work by one week.

Contractor: KAW Construction (Cost \$130,000)

Marinette Center

- Pool Deck Replacement

No change on this project. 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 11/11/19-11/27/19 with the pool area reopening for the Thanksgiving holiday weekend. With night time temperatures going into the low 50's 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

No change on this project. The replacement of the pool filters is scheduled for completion during the pool area closure from 11/11/19-11/27/19.

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

- Spa Filter Replacement

No change on this project. The replacement of the spa filters is scheduled for completion during the pool area closure from 11/11/19-11/27/19.

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

- Pickleball Pavilion Lighting

This project is complete. The fixtures were received, and the pavilion closed from 10/14/19-10/17/19 for the installation of the fixtures. Two fixtures are showing performance issues and warranty replacements are on order and will be installed when received. Light level readings were taken with levels consistently in the 94 fc to 100+ fc in most areas on the courts. Feedback on the impact on play has been positive to date.

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

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- Pickleball Pavilion Control Joint Repairs

The crack in the East/West post tension slab control joint is scheduled for repair from 11/5/19-11/7/19. The caulking material in the following locations is deteriorating and will be replaced during this same timeframe: North/South joint inside the pavilion, East/West joint at the north end of the pavilion, and the North/South joint in the north outside courts.

Contractor: Elite Sports Builders (Cost \$3,866)

- Walking Track Repair

The bubbling on the walking track at Marinette has been worsening this year. Moisture has been determined to be under the non-permeable track material and causing this problem. Approximately 100 linear feet of the track material on the north end of the track will be removed, the concrete slab cleaned, and a replacement permeable track material installed. The use of a permeable material is expected to allow any moisture to evaporate and not cause the problems that have been experienced. The removal of the existing track material is scheduled for 10/25/19 and 10/28/19 with the new track material to be installed from 11/1/2019 through 11/8/2019, inclusive of curing time. Striping will be completed later due to unavailability of that resource at this time. Spot repairs of areas outside of this section being replaced will be completed with the same permeable track material currently installed as the spot repairs cannot be completed with the different material.

Contractor: Elite Sports Builders (Cost \$19,995)

Sundial Center

- Club Restroom Remodel

The bid packet was approved by the Board Bid Commission. The restrooms were closed, and work started on 10/8/19. Abatement and demo have been completed. Drywall has been completed and awaiting inspection. Progress to date is on target with completion scheduled ahead of the craft fair after Thanksgiving.

Contractor: DFG Builders (Cost \$114,000)

- East Parking Lot Lighting Improvements

No change on this project with receipt of fixtures pending. 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.

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

- Storage Closet for RV Club

The work to prepare the Storage 2 closet for the RV club have been completed and the RV Club moved items into the storage closet on 10/21/19. Small housekeeping tasks to complete this move to be completed by 10/25/19.

Contractor: RCSC Skilled Trades, Exquisite Painting (Cost \$2,600)

South Pro Shop

- As we enter the overseeding window the following items are scheduled for completion: parking lot asphalt, patio counter, and interior pendant lighting. The exterior signage has been ordered and has entered the fabrication waiting period.

Contractors: Regional Paving, Bootz & Duke Signs, RCSC Skilled Trades (Cost \$52,915)

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Solar:

New Issues:

- WB/WC Maintenance - # 07
Inverter is not showing production 9/13/19. RCSC B&I staff reset the inverter on 9/18/19. Issue Resolved.
- WB/WC Maintenance - # 11
Inverter is not showing production 9/13/19. RCSC B&I staff reset the inverter on 9/18/19. Issue Resolved.

Issues Resolved:

New issues that were resolved are identified above. There were 2 of these new issues resolved.

Production Data:

Despite efforts to replace the communication module in several Fronius inverters we have not been successful in correcting the communication problems these inverters have been experiencing in sending production data to the Also Energy reporting platform.

We have had discussion over a period of time with the panel manufacturer, Solar Frontier, regarding the discoloration spots that have appeared on some panels. The manufacturer has indicated these spots are cosmetic and do not affect the production of the panels. A mobile testing firm was referred to RCSC for the possible testing of the panels to verify their functioning. Rather than take on this expense to test panels in this manner our electrical contractor performed string tests on several inverters to determine DC voltages from the panels. We have received the results of these test readings and determining next steps.

Preventative Maintenance:

We have met with Black River Energy, Harmon Electric, and Kortman Electric to discuss preventative maintenance (PM) tasks and pricing. Responses have been received from Harmon Electric and Kortman Electric on PM included tasks, pricing and ongoing repair rates and response times. Pricing for PM tasks has already been received from our current solar support contractor, Wilson Electric. We are evaluating the responses and we will select a contractor for ongoing maintenance and begin a maintenance schedule.

Golf & Grounds:

Pro Shops

After the first quarter total revenue trailed budget by \$96,000 and prior year revenue by \$108,000. Performance over the last two quarters has exceeded both budget and prior year and the golf division now trails budgeted revenue by \$71,000 and exceeds prior year revenue by \$42,000. Riverview has played the most rounds for the regulation courses through September, followed by Lakes West, South, North and Willowcreek. For the executive courses Lakes East has played the most rounds followed by Willowbrook and Quail Run.

On December 12th we will be hosting a fundraising tournament to raise money for the Sun City Foundation. The format will be Beat the Pro(s), which will be Brian Duthu (PGA) and Chris Linam (Pro Shop Manager) and will be made up of two person teams. Teams that beat the Best Ball score of the Pros will equally share the prize pool. The entry fee will be \$40 and the event will be held at the South Golf Course. In addition to bragging rights for beating the pro, there will also be a chance at a Pebble Beach Vacation.

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Registration for Get Golf Ready classes is also underway, the cost of the classes is \$99. The \$99 fee includes four days of instruction as part of group of 8 students or less, as well as a 5th day of on course instruction. The program covers swing fundamentals as well as golf etiquette and an introduction to golf rules. The program is part of a national initiative of the PGA of America to grow the game of golf. The first class will begin November 5th, classes will be available throughout the winter and spring.

Snack Shops

Snack shop revenue is running \$7,800 ahead of gross income budget through September. Beginning November 1st snack shop closing times will move to 5:00pm.

Golf Courses

Overseeding began September 30th and has mostly germinated as expected, areas that did show weakness have been reseeded. The courses currently closed (North, Lakes West, Willowbrook and Riverview) will reopen October 19th and will be cart path only until November 8th. The courses that have not yet overseeded will close October 21st and reopen November 9th, with cart path only restrictions in place through November 22nd.

Lawn Bowl and Grounds

As we move closer to the US Open Lawn Bowls and into dormancy, the pace of the greens have generally increased. The average pace of the Bell Greens is 14.2 seconds, up from 14.0 seconds in September. The average pace of the Lakeview Greens is 13.8, up from 13.3 in September. The newly resurfaced greens at Oakmont and Mountain View are running 12.6 and 12.5 seconds respectfully. Greens are currently watered three nights per week for 15 minutes, all greens are mowed to a height of 0.120 inches.

The Grounds department has completed overseeding at Sunbowl, the softball field and the Lakeview Center. In addition to their regular duties, the Grounds team assisted with the final touches of the book drop for the Bell library.

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!