

RCSC Management Report – September 24, 2020

Financial:

Financial Report

The Recreation Centers of Sun City, Inc. (RCSC) has ended August 2020 within its operating and capital budget year to date. All Divisions, with the exception of Bowling and Food Service, have met or exceeded their net operating budget projections year to date with total operating income \$93k (1%) favorable to budget and operating expenses \$889k (7%) favorable to budget. Bowling and Food Service declines are driven by the COVID-19 closure and restrictions with Bowling remaining closed until Phase II of the reopen plan. Bowling did reopen in August, but income remains lower than budget. Income favorability is driven by higher than budgeted income in the Building & Infrastructure and Golf Divisions. Operating expense favorability is primarily driven by lower payroll, utility and general operating expenses across multiple Divisions. Year to date operating excess without projects favorability is \$977k (45%) favorable to budget. RCSC is continuing to see the effect of the COVID-19 related shutdown with August monthly operating income shortfalls in Bowling and Food Service totaling \$44k. However, Golf operating income excess of \$76k in August offset the shortfall.

Cardholder Services

Payments on past due assessments in August were 8.0% of past due balances. Overall accounts receivable increased in August by 4.8% and is up 16.2% from the beginning of the year. Overall accounts receivable past due balances have increased in August by 3.2%. July assessments went 30 days past due at a 5.6% rate and June assessments went 60 days past due at a 1.6% rate.

Payments from our third-party collections firm totaled \$6,557 in August. Year to date payments through our third-party collections firm total \$79,911. Payments made in August through the online RCSC Web Portal totaled \$154,109 from 331 property owners. Year to date web portal payments total \$1,404,142 from 3,388 property owners.

In August property transfer balances increased by 7.5%. Outstanding balances related to property transfers represent 54% of all receivables and 53% of past due balances. At the end of August trustee sale notices on Sun City AZ properties ended at 23 and properties owned by lending institutions remained at 3.

Projects:

Bell Center

- Social Hall Restroom Renovation

This project includes the full renovation of the social hall restrooms including the inclusion of accessible facilities. The demolition work began on 8/31/2020 and is complete. The plumbing subcontractor is currently working in the space. The work is projected to be completed by mid-November. Contractor: K.L. McIntyre (Cost: \$160,487)

- Social Hall Kitchen Renovation

This project includes the full renovation of the social hall kitchen which will replace flooring, lighting and cabinetry in the kitchen and the trash receptacle areas. The demolition work began on 8/27/2020. The demolition and environmental remediation are complete. The plumbing subcontractor is currently working in the space. The work is projected to be completed by end of October, but final use is tied to the County inspection. They will inspect the Restroom and Kitchen projects concurrently in mid-November. Contractor: K.L. McIntyre (Cost: \$126,926)

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Grand Center – Building I

- Most pending items have been completed within the club rooms with a few minor items remaining, mainly tied to product shipping delays.
- The RCSC Grounds department is working on the landscaping on the site and is expected to complete this work by the end of September.
- Pending is the 103rd Ave monument sign and building signage. Final signage design has not yet been completed, but once complete monument sign installation will be held until the Grand Center Building II nears completion.

Grand Center – Building II

- RCSC has contracted with General Contractor (GC) Robert E. Porter Construction, Inc. to complete this project.
- The GC commenced work on the project on 9/14/2020. Fencing around the work site has been installed and traffic flow has been redirected in the parking lot. Earthwork on the building pad site began the week of 9/14/2020.
- Duration of the project is projected to be 6 months

Lakes East/West Maintenance Yard

- No changes during the month of September.

Mountain View Center

- No planning or design work completed since the last report.

Sundial

- Replaced the aged Bocce Scoreboards in September.
Contractor: RCSC Skilled Trades (Budgeted at \$3000; Cost: \$163)

Solar:

New Issues:

- Bell Rec Center Inverter #01
Inverter had a cock failure. 9/3/2020 B&I reset date and time. Issue resolved.
- Fairway Rec Center Inverter #10
Inverter is missing the grid, 8/21/2020. Sent to Kortman, the breaker was tripped. Issue resolved.

Issues Resolved:

- Lakeview Lanes Inverter #01
Inverter was replaced with a SMA inverter and communication was established with AlsoEnergy on 9/11/2020.
- Lakeview Lanes transformer was replaced on 9/3/2020.

Open Issues:

- Oakmont Rec Center - # 01/02/03/04/05/06

The inverters at Oakmont Center are not reporting production data. This has been an outstanding issue since July 2018. The production meter shows overall production data for the site, but the individual inverters are not reporting production to the AlsoEnergy aggregation reporting site. A new data logger has been replaced but unable to connect. AlsoEnergy and Fronius states it should be communicating. Kortman performed continuity check on all three wiring conductors from inverter to AlsoEnergy enclosure, wiring is good. Waiting on a response from Fronius. Fronius and Kortman are working together to find a workaround to get the inverters communicating with AlsoEnergy.

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- Lakeview Rear - # 01/02/03/04

Like the Oakmont site the inverters at the Lakeview Rear site stopped communicating with the AlsoEnergy data logger and thus the AlsoEnergy aggregation reporting site. The Lakeview Rear inverters are Fronius models like Oakmont Center with these two sites being the only Fronius inverters in the RCSC Solar environment. Pending confirmation of restored functionality at Oakmont Center.

Production Data:

After including August production data, the lifetime to-date production vs expected went down again slightly and is over expected by 5.20%. The percentage of inverters producing above expected reduced by 1 inverter to 79%. The inverter had small reductions of less than 0.06% that moved the overall inverter production from just over even to expected production to just under expected production.

Golf & Grounds:

Pro Shops

Golf rounds in August increased by 3,967 over prior year and represent the most rounds played in August since 2007. For the year Riverview has played 37,413 rounds, followed by Lakes West (36,158 rounds), South (34,869 rounds), Willowcreek (34,753 rounds) and North (29,632 rounds). For the month 60% of rounds played were played by Annual No-Fee golf passholders and Annual Surcharge Fee golf passholders.

On September 4, we will host a fundraiser event to raise funds for Patriot Golf Day and the Folds of Foundation. Despite restrictions due to COVID-19, we had a total of 80 participants in this year's event, matching last year's total. Total fundraising efforts fell short of previous year, as we avoided fundraising efforts that dealt with cash.

Snack Shops

Beginning September 28 snack shop closing time will move to 3pm. After the snack shops close, snacks and beverages will be available through the pro shop.

Golf Courses

All major summer agronomic procedures have been completed and overseeding begins on September 28 for South, Lakes East, Willowcreek and Riverview. These courses will reopen on October 17 with cart path restrictions in place until November 6. The remaining courses will close October 19 and reopen November 7 with cart path restrictions in place until November 20. 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 28 start date. Should forecasted temperatures prove problematic for overseeding, we will move the start date for the first wave of course closures to October 5. Should this change prove necessary, it will result in an overlap period of course closures as we will not move the second wave of course closures back.

During this overseed/winter season we will be running three trials of putting green seed mix. The trials will take place on Lakes East, Quail Run and the practice putting greens at South. Our traditional mix consists of 70% rye grass and 30% Poa Trivialis. For the courses undergoing the trial, bent grass will be added to the mix. These courses will use 70% rye grass, 20% Poa Trivialis and 10% bent grass. The practice putting greens at South will not use any Poa Trivialis. The mixture on the practice putting greens will be 70% rye grass and 30% bent grass. We are undergoing these trials as the number of Poa Trivialis growers has been decreasing as they switch their fields to crops that yield a bigger return on investment. We want to be prepared should Poa Trivialis become unavailable or the price becomes too high. The trials of the bent grass will give our superintendents additional experience in managing a bent grass surface for play and through summer transition.

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Lawn Bowling

Mowing heights have been lowered following the completion of summer agronomic practices. The lowered heights have resulted in a quickening of pace. Lawn Bowl pace now range from a slow of 10.6 seconds at Mountain View to a high of 12.6 seconds at Bell North. The unusually hot summer and lack of rainfall resulted in greens needing additional water throughout the summer. All greens, except Mountain View, are still carrying higher than normal moisture readings. The Moisture Quotient (MQ) readings range from a low of 6.9 at Mountain View to a high of 19.6 at Lakeview West. The average MQ reading for all 6 greens has decreased by 21% over the last month.

The softball field and areas around Sun Bowl will be overseeded beginning the week of September 28. Overseeded areas around Lakeview will begin the week over October 5.

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!