

RCSC Management Report – October 29, 2020

Financial:

Financial Report

The Recreation Centers of Sun City, Inc. (RCSC) has ended September 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 \$44k (~1%) favorable to budget and operating expenses \$869k (6%) favorable to budget. Bowling and Food Service declines are driven by the COVID-19 closure and restrictions. Bowling did reopen in August, but income remains lower than budget. Income favorability is driven by higher than budgeted income in the Buildings & 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 \$899k (43%) favorable to budget. RCSC is continuing to see the effect of the COVID-19 related shutdown with September monthly operating income shortfalls in Bowling, Food Service and Member Services totaling \$132k. However, Golf and Building & Infrastructure combined operating income excess of \$83k in September offset a portion of the shortfall.

Cardholder Services Report

Payments on past due assessments in September were 6.6% of past due balances. Overall accounts receivable increased in September by 2.0% and is up 18.5% from the beginning of the year. Overall accounts receivable past due balances have increased in September by 5.5%. August assessments went 30 days past due at a 7.1% rate and July assessments went 60 days past due at a 4.2% rate.

Payments from our third-party collections firm totaled \$55,630 in September. Year to date payments through our third-party collections firm total \$135,540. Payments made in September through the online RCSC Web Portal totaled \$130,457 from 283 property owners. Year to date web portal payments total \$1,534,599 from 3,671 property owners.

In September property transfer balances increased by 4.4%. Outstanding balances related to property transfers represent 55% of all receivables and 56% of past due balances. At the end of September trustee sale notices on Sun City AZ properties ended at 21 and properties owned by lending institutions remained at 3.

Information Technology:

Information Technology Report

Currently in the process of implementing three major projects: Online Ticketing, Web Portal Upgrade and Great Plains Upgrade. All are on target to be complete in the 4th Quarter 2020.

Human Resources:

Human Resources Report

Time to fill requisitions Key Performance Indicator has been reduced to 12 days in September 2020. This has been reduced from an average of 31 days in 2019.

Completed the Employee Benefits renewal process. All insurance coverages were renewed at 2019 rates with a slight reduction in Blue Cross Blue Shield rates. Open enrollment sessions have been established in early November with communication to be distributed to employees the week of October 18, 2020.

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Projects:

Bell Center

- Social Hall Restroom Renovation

This project includes a full upgrade and renovation of the social hall restrooms making them ADA compliant. The demolition work began on 8/31/2020. Plumbing, electrical rough-in, framing and drywall hanging, tape & texture tasks are complete. Tile work is underway. Project is scheduled to complete by mid-November, concurrent with the kitchen renovation.

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. Plumbing, electrical rough-in, and drywall hanging, tape & texture tasks have been completed. Painting, cabinet install, and flooring tasks are next. Project is scheduled to complete by mid-November, concurrent with the restroom renovation.

Contractor: K.L. McIntyre (Cost: \$126,926)

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. (9 fans, floor outlet covers)
- Minor repair issues which are warranty related are being resolved by the General Contractor, Adolfson & Peterson.
- The RCSC Grounds department has completed the landscaping on the site, except for planting a few trees pending cooler weather.

Grand Center – Building II

- RCSC has contracted with General Contractor (GC) Robert E. Porter Construction, Inc. to construct this project.
- The GC commenced work on the project on 9/14/2020. Earthwork, pouring of the foundation and addition of masonry stems has been completed. Underground plumbing is currently being installed.
- Bi-weekly progress meetings are being held with RCSC, CCBG Architects, and the GC all in attendance.
- Duration of the project is projected to be 6 months

Lakes East/West Maintenance Yard

- Pricing for a steel-building concept was received in July from Arizona Corporate Builders. Commitment to this pricing was required within 30-days and would have locked RCSC into the preliminary building footprint we provided. Other issues using this concept include having to work with 2 primary contractors. A General Contractor (GC) would be required to prepare the foundations and finish the building upon steel erection. The second contractor, Arizona Corporate Builders, coming in mid-point to work for 2.5 months constructing the steel shell. This is not an ideal situation for coordination or efficiency, and as stated, does not allow for ideas to evolve through the progression of the design. So, an August decision point with no final design (RCSC had not contracted the architect at this point) and no GC selected drove us to explore a more traditional design-bid-build concept for this project using concrete masonry unit (CMU) construction.

The CMU concept offers many advantages and a good return on construction investment:

- High Durability – Masonry is solid and will not dent from hail or errant golf balls off the adjacent driving range. Durability means less repair costs as well.
- Fire Resistant - Potentially lower insurance rates.

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- Better insulated (R-values) - CMU walls insulate against outside temperature better than most metal walls to help reduce heating and cooling costs.
- Design Flexibility – CMU product is readily available in the market. Masonry walls can be adjusted at any time to suit to field conditions or emergent design changes.
- Reduced Sound Transmission – CMU is especially effective in reducing unwanted noise.

Mountain View Center

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

North Snack Bar

- Added a programmable timer for the patio fan.
Contractor: Accel Electric (Unbudgeted project. Cost: \$1218)

Sundial

- Added a programmable timer to control the Bocce Court lights.
Contractor: Accel Electric (Budgeted at \$3000; Cost: \$464)
- Renovated the Camera Guild room for the Piano Club. Work included moving and reconfiguration of existing cabinets, painting, electrical outlet additions, 2 piano moves and addition of sound-proofing acoustical ceiling tiles.
Contractors: Accel Electric, Exquisite Painting & Ace Acoustics (Unbudgeted project. Cost: \$10,500)

Solar:

New Issues:

- Oakmont Rec Center - Inverter #06
On 9/21/2020 Curt from Kortman went to Oakmont to work on the communication between AlsoEnergy and Fronius. He found 2 inverters tripped and 3 inverters shut off at the breaker. He reset the inverters all inverters came back online except inverter number 06. Fronius was called, they will send out a warranty replacement. Due to COVID-19 they are slow to send out the replacement.
- Oakmont Rec Center – Inverter #04.
On 9/22/2020 B&I checked on inverter 04, it had a code 516 and was not producing. Called Curt from Kortman. On 9/23/2020 Curt called Fronius they will send out a warranty replacement. Due to COVID-19 they are slow to send out the replacement.

Issues Resolved: n/a

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 state it should be communicating. Kortman performed continuity check on all three wiring conductors from inverter to AlsoEnergy enclosure; the wiring is good. Fronius and Kortman are working together to find a work around to get the inverters communicating with AlsoEnergy, however Kortman cannot address this issue until Fronius sends a replacement for inverter number 6.

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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 those at 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 September's production data, the lifetime to date production vs expected went down again slightly and is over expected by 5.09%. The percentage of inverters producing above expected reduced by 1 inverter to 78%. 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

Through September total revenue is 9.8% above budget and 14.3% above prior year. For the year golf has recorded 257,278 rounds played, the highest recorded total since 2008. Total rounds recorded in September were 20,105, the highest recorded total since 2006. Annual No-Fee rounds account for 13% of total rounds played and Annual Fee rounds account for 43% of total rounds played. For the year Riverview has recorded the most rounds, followed by Lakes West, Willowcreek, South and North. For the executive courses Lakes East has recorded the most rounds, followed by Willowbrook and Quail.

The "Beat the Pros" event scheduled in December has been cancelled. The major function of this event is to help raise funds for the Sun City Foundation, however, with current COVID-19 restrictions in place we cannot be confident that the event could be held in such a fashion to facilitate fund raising efforts.

The free golf clinics scheduled for November have been cancelled, no decision has been made regarding the free clinics scheduled for March. We currently do not have any Get Golf Ready classes scheduled for November, December or January. We are hoping to offer a short schedule of Get Golf Ready Classes beginning in February. Individual private lessons are still available from the golf professionals, their contact information can be found on the RCSC website (www.suncityaz.org) or in the pro shops.

Snack Shops

Year-to-date Snack Shop gross revenue through August is \$137,000 behind budget. Reduced seating due to COVID-19 restrictions is the primary driver. Snack shops are scheduled to close at 3pm in October, however, are given the discretion to remain open longer based on demand.

Golf Courses

Overseeding began on September 28th at Lakes East, Riverview, South and Willowcreek and has mostly germinated as expected. Areas that have shown weakness have been reseeded. We will be starting with green heights slightly higher than normal due to the above normal temperatures. These courses will reopen October 17th, with cart path restrictions in place until November 6th. The remaining courses will close October 19th and reopen November 7th, with cart path restrictions in place until November 26th.

With the change to the 3-cart rule possibly becoming permanent, it will be more important than ever for golf carts to travel on the cart path as much as possible. Studies from the USGA show that one golfer and one cart impact an area of 61,845 square feet per round. The more time spent on cart paths will help to reduce the area of compaction.

Lawn Bowling

Lawn Bowl pace is quickening slightly and becoming more uniform overall. Lawn Bowl pace now ranges from a slow of 11.2 seconds on Lakeview East to a high of 12.6 seconds on Bell North. Moisture readings

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continue to trend downwards, with the exception of Mountain View which required additional watering to combat hot spots. The Moisture Quotient (MQ) readings range from a low of 10.9 at Bell North to a high of 15.4 at Mountain View.

Sun Bowl & Softball

The softball field and areas around Sun Bowl were overseeded the week of September 28th. Weak areas received additional seed and mulch as needed. The softball field opened for play October 19th. Grassy areas around Lakeview were overseeded the week of October 5th. Cardholders are advised that walkways around Lakeview may be wet during the day, as overseeding requires several cycles of water throughout the day to keep the seed moist and viable.

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!