

RCSC Management Report – December 17, 2020

Financial:

Financial Report

The Recreation Centers of Sun City, Inc. (RCSC) has ended November 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 \$28k (~1%) favorable to budget and operating expenses \$1.0M (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 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 \$1.0M (37%) favorable to budget. RCSC is continuing to see the effect of the COVID-19 related shutdown with November monthly operating income shortfalls in all Divisions totaling \$151k. November operating income favorability in Golf of \$132k helped offset the shortfall.

Cardholder Services Report

Payments on past due assessments in November were 10.8% of past due balances. Overall accounts receivable decreased in November by 9.6% and is up 7.4% from the beginning of the year. Overall accounts receivable past due balances have decreased in November by 9.5%. October assessments went 30 days past due at a 6.6% rate and September assessments went 60 days past due at a 2.7% rate.

Payments from our third-party collections firm totaled \$41,317.56 in November. Year to date payments through our third-party collections firm total \$210,493.62. Payments made in November through the online RCSC Web Portal totaled \$142,476 from 323 property owners. Year to date web portal payments total \$1,829,398 from 4,331 property owners.

In November property transfer balances decreased by 13.04%. Outstanding balances related to property transfers represent 53% of all receivables and 55% of past due balances. At the end of November trustee sale notices on Sun City AZ properties ended at 22 and properties owned by lending institutions decreased to 1.

Information Technology:

Information Technology Report

Paylocity support provided with 27 time-punch kiosks configured for employee use. Nine kiosks required the installation of a Wi-Fi access point to ensure internet access.

Supported the online Board of Directors election process.

Human Resources:

Human Resources Report

Open enrollment for employee benefits was successfully rolled out to all eligible employees.

Paylocity implementation is in full effect with training sessions completed during the week of November 30th. Additional training is being offered during the week of December 7th. Parallel testing will commence the week of December 14th with cutover starting December 28th.

Time to fill requisitions Key Performance Indicator increased to 20 days through November 2020. The increase is driven by time to fill golf greens worker positions, which are historically harder to fill. The current average is still below the 2019 average of 31 days. In November, 29 requisitions were opened and 25 were closed.

RCSC Management Report – December 17, 2020

Projects:

Bell Center

- Social Hall Restroom Renovation

This project included a full upgrade and renovation of the social hall restrooms making them ADA compliant. The demolition work began on 8/31/2020. RCSC performed a final walk-thru of the project with the contractor on 11/24/20. A Certificate of Occupancy request was approved by Sun City Fire & Medical. The project required a final walk-thru from Maricopa County and issuance of a Certificate of Occupancy, which occurred on December 4th, concurrent with the kitchen renovation.

Contractor: K.L. McIntyre (Cost: \$160,487)

- Social Hall Kitchen Renovation

This project included the full renovation of the social hall kitchen which replaced flooring, lighting and cabinetry in the kitchen and the trash receptacle areas. The demolition work began on 8/27/2020. RCSC performed a final walk-thru of the project with the contractor on 11/24/20. A Certificate of Occupancy request was approved by Sun City Fire & Medical. The project required a final walk-thru from Maricopa County and issuance of a Certificate of Occupancy, which occurred on December 4th, concurrent with the restroom renovation.

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

- Repair and recoating of existing polyurethane foam roof sections over the metal shop and table tennis areas began 11/30/20.

Contractor: Lyons Roofing, Inc. (Budget & Cost: \$31,084)

Fairway Center

- Roof repair began 11/02/20. Project scope involved unscrewing and raising battens for concrete tiles, adding new underlayment, repairing broken tiles, and resetting the concrete tiles. Project completed 11/06/20.

Contractor: Lyons Roofing, Inc. (Budget & Cost: \$37,381)

Grand Center – Building II

- RCSC has contracted with General Contractor (GC) Robert E. Porter Construction, Inc. to construct this project. Project commenced on 09/14/2020 with a projected duration of 6 months.

- Plumbing and electrical underground tasks have been completed; aggregate base course has been laid and the concrete slab has been poured. Construction of the masonry walls began the week of 11/09/20 and will continue to mid-December.

- Bi-weekly progress meetings are being held with RCSC, CCBG Architects, and the GC all in attendance.

Lakes East/West Maintenance Yard

- Civil and Architectural design for this project is underway. B&I previewed a progress drawing set with Golf & Grounds on 12/01/20. The construction drawing set is on track to go to Maricopa County for approval late December 2020.

Lakeview Lanes

- Re-line of approximately 55' of 4" sewer line near George's Café completed 11/06/20.

Contractor: Sunland Plumbing (Cost: \$12,000)

- Repaired a break in the clay sewer line under the asphalt at the NE corner of the bowling alley building and installed a set of clean outs. Completed 11/18/20.

Contractor: Sunland Plumbing (Cost: \$9,300)

Mountain View Center

- A new 5-ton split system heat pump replaced the broken unit that supports the fitness center. Project completed 11/13/20.

Contractor: Custom Cooling (Cost \$7,125)

Oakmont Center

- New light standards are on order for the Lawn Bowl. Installation tentatively set for January 2021.

Contractor: Accel Electric (Budget: \$75,000; Cost: \$84,200)

RCSC Management Report – December 17, 2020

Quail Run Maintenance Yard

- Demolished and removed an unused outbuilding at the site. Project completed 11/18/20. Contractor: DFG Builders LLC (Budget: \$6,000; Cost: \$3800)

Sundial Center

- Roof repairs and acrylic coating installation over “Mall” roof area. Completed 11/21/20. Contractor: Lyons Roofing, Inc. (Budget & Cost: \$17,000)
- Men’s Club - Installed a new ADA compliant toilet in restroom; Installed new countertops in kitchen area. Project completed 11/30/20. Contractors: Sunland Plumbing & Lee’s Counter Tapp Tops (Budget: \$5,000; Cost: \$11,132)

Skilled Trades

- Completed 242 work orders in November 2020.

Solar:

New Issues:

- **Fairway Center – Inverter #02**
Inverter had a E018 error. B&I reset; issue resolved.

Issues Resolved:

- **Oakmont Center – Inverter #06**
Inverter was replaced under warranty 11/04/2020, the disconnect switch was bad and Fronius sent another one out under warranty. The switch was replaced on 11/24/2020. Inverter is now up and running.
- **Lakeview Lanes – Inverter #11**
Inverter was replaced under warranty 11/11/2020.
- **Quail Run Maintenance – Inverter #04**
Inverter was replaced under warranty 11/12/2020.

Open Issues:

- Oakmont Center - # 01/02/03/04/05/06
The inverters at Oakmont Center have a temporary fix and are **now** reporting production data. This has been an outstanding issue since July 2018. We are waiting on one part to come in to make this a permanent fix.

Lakeview Rear - # 01/02/03/04

Like the Oakmont site, the inverters at the Lakeview Rear site stopped communicating with the AlsoEnergy program in July of 2018. 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. We are waiting parts from Fronius since we now know how to get the communication back.

Production Data:

After including November’s production data, the lifetime to date production versus expected went down slightly and is over expected by 4.86%. The percentage of inverters producing above expected was reduced to 76%.

Golf & Grounds:

Pro Shops

Total rounds for November were 31,460 and were the highest recorded November total since 2007. For the year, a total of 312,751 rounds have been played, a 16% increase over the same period last year. The total rounds played year to date are the highest recorded total since 2008.

RCSC Management Report – December 17, 2020

Though we are pleased with the level of golf being played, there are guidelines we all must follow while doing so. Congregating in large groups is not allowed, regardless if the congregation is outside of the snack shop or patio area. Golf carts are limited to one rider per cart, unless the other rider is an immediate family member (father, mother, child or sibling). Face masks are required inside pro shops, snack shops and clubhouse restrooms, along with 6 feet of physical distancing. Snack shop and patio capacity are limited to the number of chairs and tables provided; no additional congregating will be allowed.

Snack Shops

Snack Shop revenue continues to be hampered due to reduced capacity. For the month of November snack shop revenue was 15% below budget.

Golf Courses

Mowing heights are gradually being lowered and equalized among the courses, following overseeding. Temperatures were higher than ideal throughout the overseeding period however the courses had a largely successful overseeding. We did have several greens at North that had movement of seed, that resulted in a rippling of the putting surface. The greens affected have been verticut as necessary, top-dressed and reseeded.

On November 13 we conducted a visit with Brian Whitlark, an agronomist from the USGA Green Section. Due to COVID-19 the originally planned half day visit in May was postponed, resulting in one full day visit this year. As has been the case with recent visits, water use and turf reduction were a point of emphasis, especially as the Arizona Department of Water Resources (ADWR) begins the process of developing a fifth management plan. Other topics discussed were weed control, putting greens, fairways, tees and bunkers. The full report can be found on the RCSC's website at www.suncityaz.org on the Golf page, under resources.

Lawn Bowling/Grounds

The pace of the greens ranges from a low of 13.3 seconds on Bell North to a high of 14.8 seconds on both Lakeview West and Mountain View. Moisture readings range from a low of 9.0 at Oakmont to a high of 11.5 on Bell North. Greens are mowed once per week, mostly to clear debris and are rolled two to three times per week.

We recently removed two large pine trees at Sundial, the lack of summer rains has made pine trees susceptible to spider mites, that would normally be washed out of the branches during rains. The two trees that were removed were replaced with Tipu trees, which are fast growing, bloom in late spring and are heat and drought tolerant.

Bowling:

As of November 9, 2020, the bowling department began allowing league bowling. Three leagues with six teams each began bowling in the middle of November, in December, two more leagues with six teams and a twelve-team league began bowling. More leagues are scheduled to begin at the beginning of 2021. All bowling leagues that are currently bowling have signed an agreement stating that they will accept the responsibility to monitor the individual bowlers and will approach and enforce any violators of the RCSC rules and regulations regarding COVID-19.

Due to COVID-19 restrictions, the annual New Year's Eve Party, Cactus and Pine Christmas party and the Four Paws charity event have been cancelled.