

RCSC Management Report: September 26, 2024

FINANCE:

Financials:

The Recreation Centers of Sun City, Inc. (RCSC) ended August within its capital budget year to date. RCSC ended the month of August with a Net Excess from Operations of \$67k but this Excess was (\$828k) below budget. The Non-Golf division met its net operating budget projections year to date and is \$137k favorable to budget year to date. Golf has generated a year-to-date net operating deficit of (\$518k) and is (\$917k) unfavorable to budget. Golf Revenue is (\$266.3k) under budget due to Daily Public and Cardholder Green Fees below budget by (\$103.9k) and (\$52.2k), respectively, and Non-Resident Pass fees (\$56.0k) below budget. Golf Operating Expenses were (\$697.9k) over budget due to Tree Trimming (\$142.0k) unfavorable, Wages and Benefits (\$99.2k) unfavorable, Rolling Stock and Sprinkler Repair Parts (\$84.3k) and (\$63.0k) unfavorable, respectively, and Pump/Well Electric unfavorable by (\$76.5k). The Facilities division was (\$37.1k) unfavorable year to date due to Vegetation Management in the Grounds department. The Finance division was (\$10.4k) unfavorable year to date due to Consulting for the Process Improvement project.

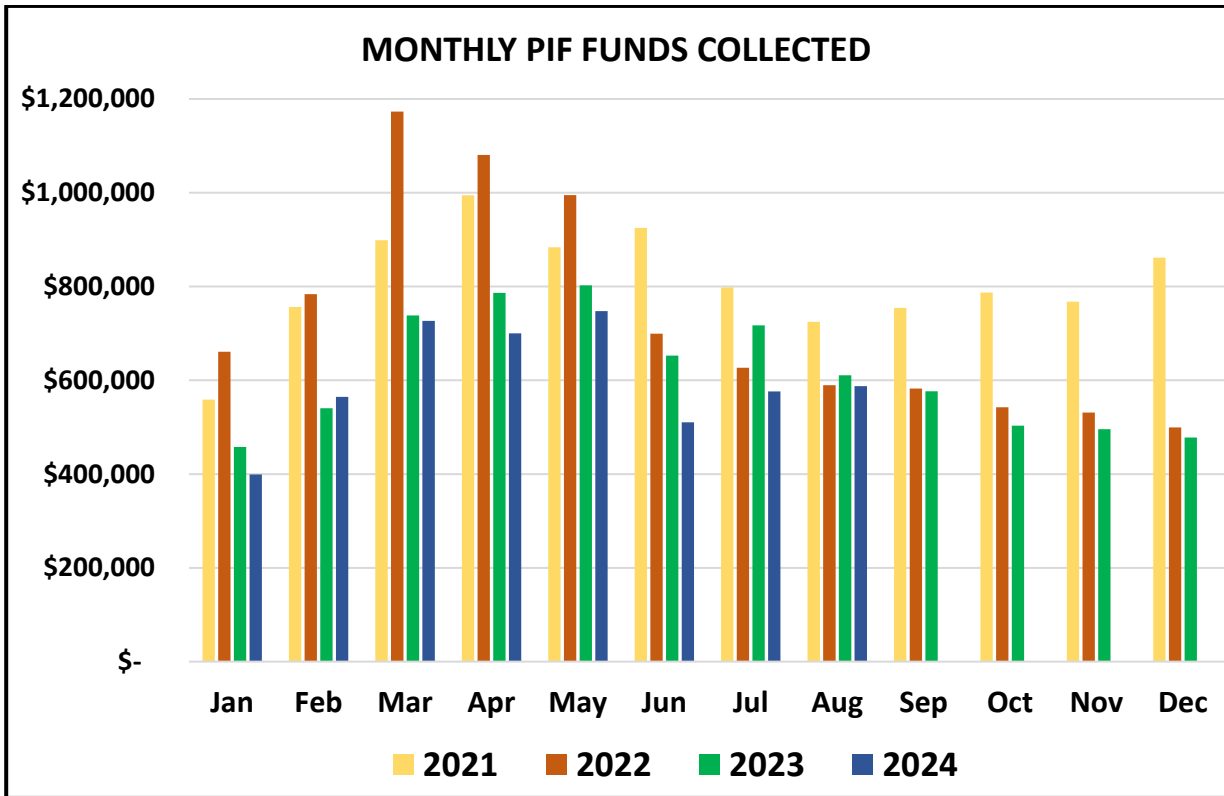
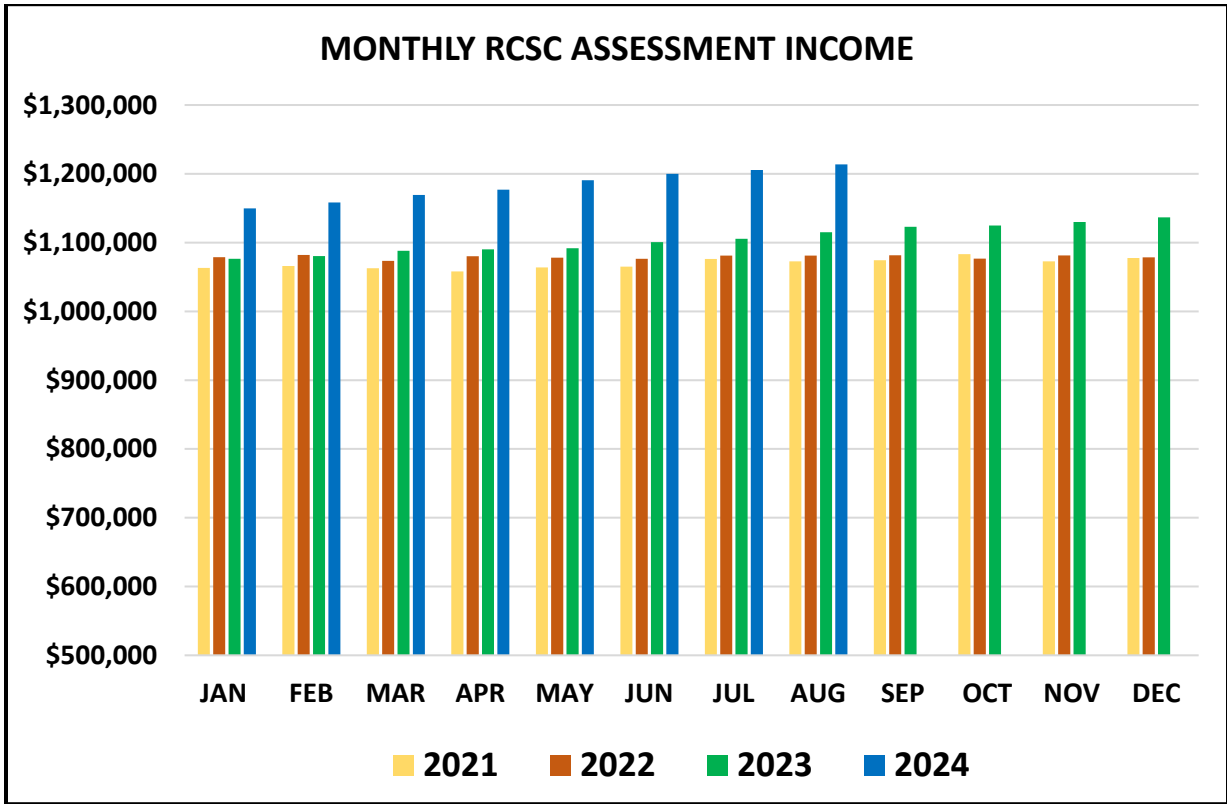
Total Operating Income for August totaled \$1,816k and was (\$61.3k) unfavorable to budget due to Assessment Income (\$30.9k) below budget, and Transfer Fees being (\$11.4k) under budget. Operating Expenses for the month were \$2,918k and (\$694.6k) unfavorable to budget due to Seed being over budget by (\$134.9k), Electric and Pump & Well Electric over budget by (\$49.3k) and (\$36.6k) respectively, Building Repair expense (\$44.2k) unfavorable, and Building / IT Projects (\$86.0k) unfavorable due to timing. Year to date Net Operating Excess was \$66.8k and unfavorable to budget by (\$828k).

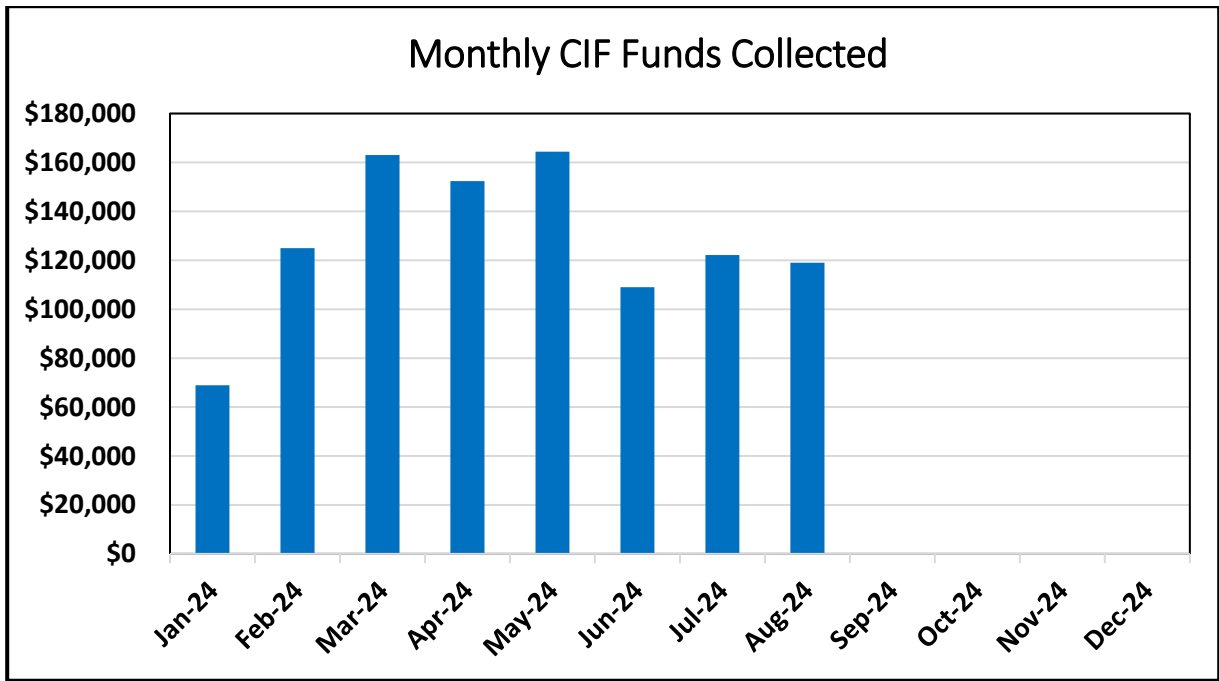
Cardholder Services:

Payments on past due assessments in August were 17.5% of past due balances. Overall accounts receivable decreased in the month by (2.9%) and are up 10.9% from the end of 2023. Overall accounts receivable for past due balances decreased in August by (1.4%). July assessments went 30 days past due at a rate of 6.9% and June assessments went 60 days past due at a rate of 2.7%.

Payments from third-party collections firms totaled \$87,279 in August and totaled \$309,634 year to date. August payments made through the online Web Portal totaled \$216,982 from 404 property owners. Year to date online portal payments total \$1,974,992 from 3,609 property owners.

In August, property transfer balances decreased by (5.8%). Outstanding balances related to property transfers represent 54% of all receivables and 56% of past due balances. August trustee sale notices on Sun City AZ properties decreased from 28 to 26, and properties owned by lending institutions dropped from 1 to zero.





Purchasing:

Purchasing achieved substantial completion of Phase I of the project to record and track all Certificates of Insurance for the Facilities Department. Phase II has begun with Purchasing beginning to work with Clubs/Events and Golf on recording and tracking all of their vendor COIs.

In August, Purchasing executed a Service Agreement with Advance Exercise for the purchase of new exercise equipment for the Oakmont Center and prepared a Service Agreement with Gym Tech for the preventive maintenance of exercise equipment at seven RCSC fitness sites. Purchasing also executed the following Construction Agreements:

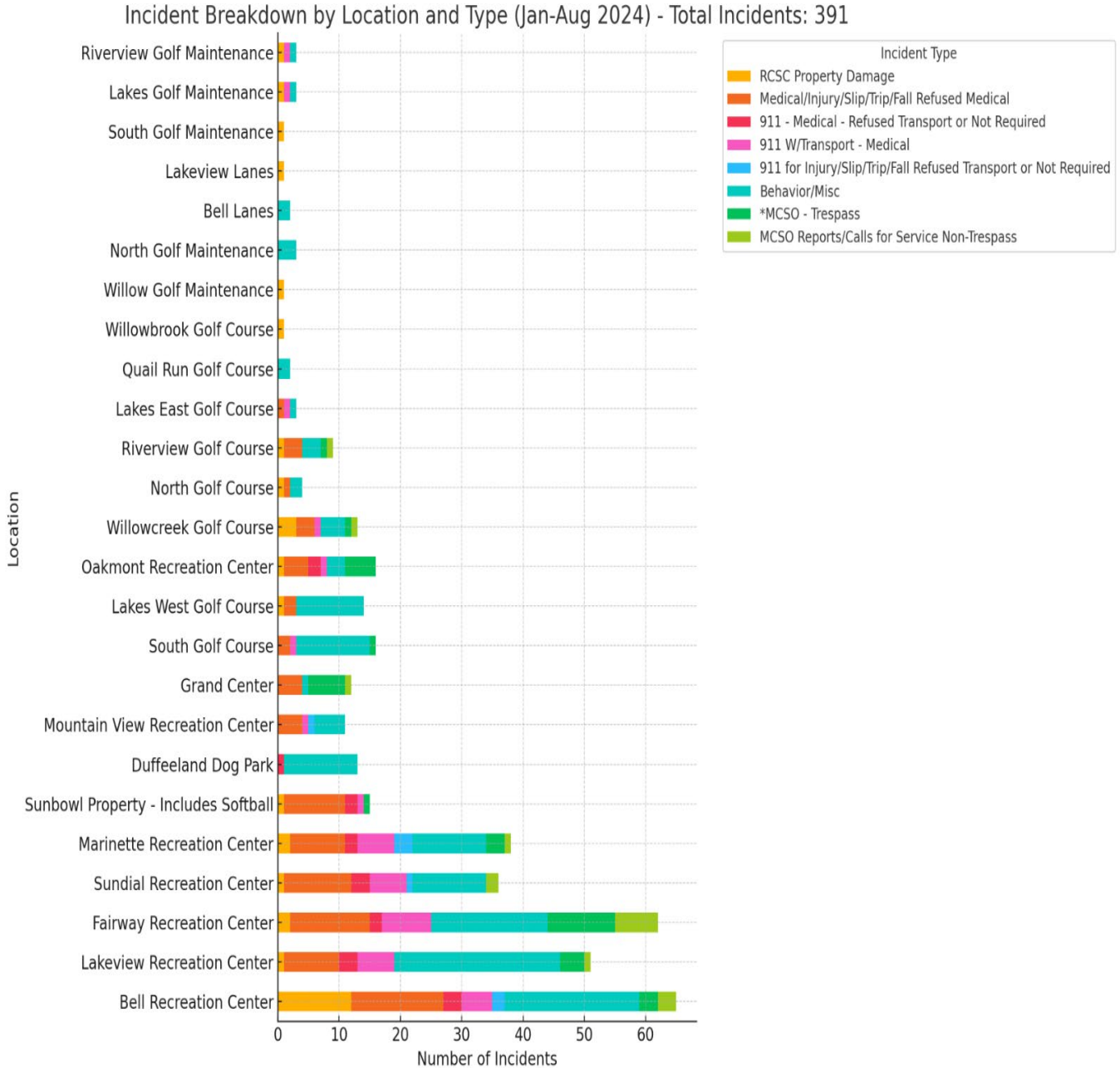
- W. D. Manor for the replacement of the sewer pit at the Sundial Center.
- Accel Electric for the installation of parking lot lighting at Willow.
- Ghaster Painting for painting for the Willow Creek Golf Course.

Safety & Compliance:

In August 2024, the Safety and Compliance Department made significant progress across various initiatives. Key achievements included ongoing monitoring of fleet safety through Ford Telematics which is installed on newly acquired vehicles, and the continued implementation of Safety Plus Web with four training sessions conducted with the vendor. The department also collaborated with RCSC’s work comp provider to introduce new risk mitigation strategies to reduce exposure and costs to RCSC. Staff completed 57 of the 86 required OSHA 30-hour General Industry training sessions. Additionally, work on integrating TEG with the Avigilon access control system advanced, with plans to replace current building/door access tokens with smart cards to improve access control, security and reduce administrative burden.

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Incident Reports investigated this month: 79. Year-to-date: 391
 Customer Inquiries responded to this month: 11. Year-to-date: 880



Human Resources:

Human Resources opened 16 requisitions during the month of August and filled 8 requisitions, ending the month with 11 open positions. Year-to-date, HR has opened 119 requisitions and filled 113 open positions. The time-to fill requisition KPI in August was 8 days.

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Information Technology:

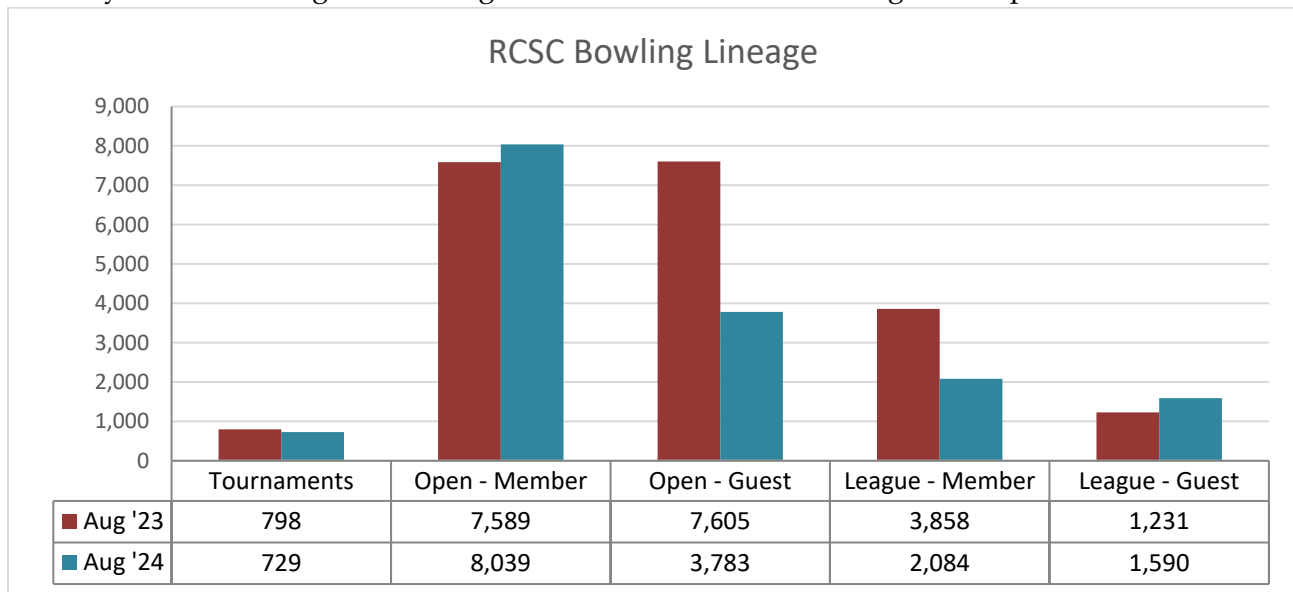
In August, the Information Technology team received 119 new service requests, and closed 125 requests by month end, leaving 2 tickets remaining open. On average, IT closed service requests in less than one day in August. Year to date, IT has opened 828 tickets and closed 836 tickets.

RCSC hired a new IT Manager in July. During the month of August, the new IT Manager conducted an assessment of the RCSC IT infrastructure including the current state, risk areas, and areas in need of upgrade. IT built and deployed a new Domain Controller as part of a project to upgrade our Active Directory. IT is still on target to have active fiber connections to almost all RCSC facilities by end of year 2024.

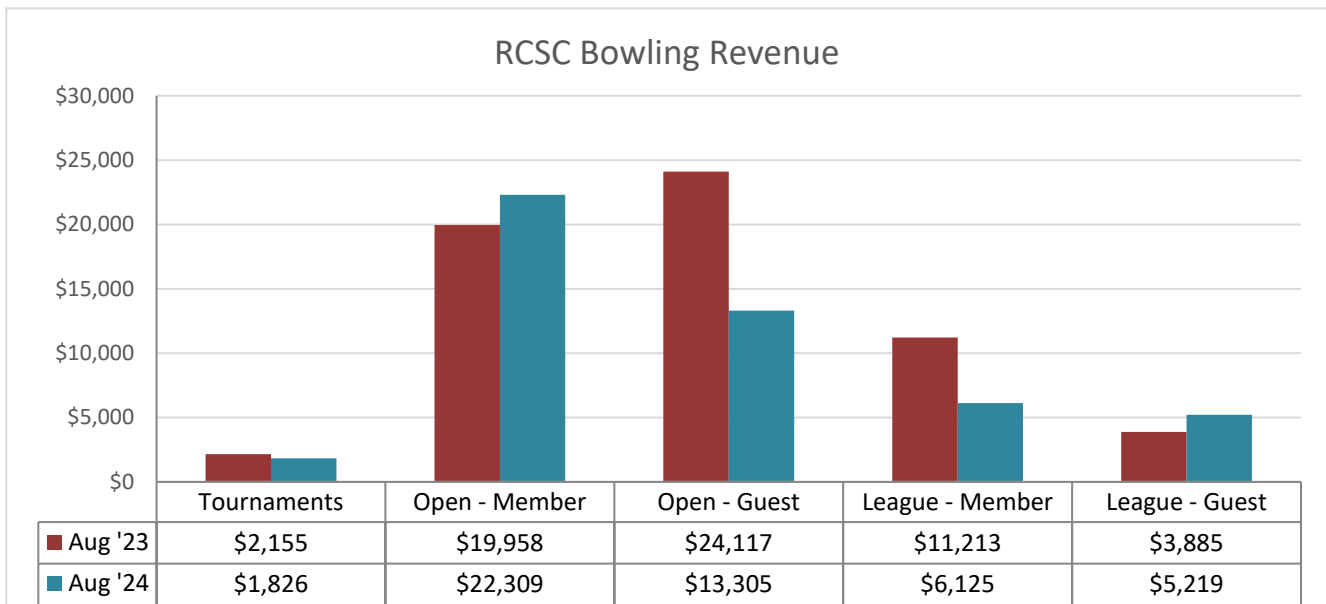
NON-GOLF:

Bowling:

In August of 2024, Bowling lineage totaled 17,657, compared to 22,211 in August of 2023, a decrease of 21%. Year to date lineage through August 2024 totaled 212,881 lines, compared to 211,552 through August 2023, an increase of 1%. In 2022 there were 17,140 lines bowled. Comparing August 2024 to August 2022 there was an increase of 517 games bowled. The big increase in Guest Open bowling in 2023 was due to Sun City West's bowling center being closed the entire month of August to replace their lanes.



Bowling Revenue in August 2024 totaled \$48,785 which was 20% less than the August 2023 revenue of \$61,328. Year to date, 2024 Bowling revenue is \$597,804, or 4% greater than the total revenue through August of 2023. In August 2022 bowling revenue was \$42,585, the 2024 revenue is an increase over a normal year of August revenue. The August 2024 bowling revenue budget was \$46,807, the drop off in revenue was expected and budgeted for.



ACTIVITIES:

Media Studio Update:

- Progress in media studio has allowed team to get back to fulfilling work orders
- Pre-soft launch of music and jingles
- Music compilation and genre groupings continues
- File tags, scan settings, musical transitions, length timing, and correct info displays for music are being evaluated / confirmed
- Continued learning of the music programming software
- Content writing has begun and is being recorded
- Recording of jingles and tags
- Script sent to Matthew for what he will be recording
- Interview with Bill Pearson being transcribed for historical features
- Interview with Pat Garrett for Oakmont completed
- Script writing and focus angle for Oakmont feature video
- Aerial footage of Oakmont and Fairway taken
- Slide Converter being used for found slides of Sun City and Rec Centers to be utilized for videos, etc.
- Combing through history books compiling info for feature videos
- Continued discussion on sound minimizing accordion wall for media studio to use during filming/recording
- Continued discussion on stand-up desk vs podium for filming / recording
- Field trip to and discussion on the warehouse for launch of radio station
- Met with Peter at IT regarding launch
- Aaron shared the RCSC watermark logo and the Recreation Radio logos he created
- On Air sign installed

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Events/Reservations:

- Supplies ordered for the Royal Autumn Ball and the Volunteer Luncheon
- Details being finalized for the Holiday Celebration and Golf Cart Tour
- Discussion on adding a movie in at the Holiday Celebration once the Golf Carts leave for the tour
- Scarecrow Spectacular put into place for the Halloween Weekend Concert with awards being established
- EMS, Fire, Posse, Officer requests put in place
- Portable Restrooms discussion with different company taking place
- Transitioning volunteers from Sundial to Sun Bowl
- New volunteers have been communicated with regarding Sun Bowl
- Supply bags in place for Sun Bowl volunteers
- Continued signing of contracts for concerts - 5 outstanding but issued for Sun Bowl 2025
- Flyers updated on boards with new flyers created for upcoming events
- Food Trucks contacted for Sun Bowl Season
- New food trucks contacted for other events new and upcoming
- Discussion is beginning to move forward on the Debate program
- Test running a documentary in the movie series to see how well received
- Room reservations continue - 2025 reservations are now going in

Communications/Welcome Center:

The Welcome Center had 266 visitors in the month of August. The number 1 reason for their visit was to pick up club brochures. The number 2 reason was for new member information, and number 3 was for directions assistance. 15 visitors were here from South Korea to learn about retirement communities.

We had five prospective buyers visit us expressing interest in moving to Sun City. According to the surveys that were completed, swimming was the top activity they were interested in, followed by arts & crafts, bowling, and fitness. Of the five, four intended to buy and one wanted to rent first before buying. They found out about us either from our website or a friend.

The Welcome Center answered 55 phone calls in August; 32 calls were from residents; 23 were nonresidents.

CLUBS

The Clubs office continues to update Rectrac householder documents with EIN, Trade Names and Officer Lists. 2025 Club reservations are complete, and club presidents continue to be notified to work through any conflicts. August monthly attendance has been received and processed. Staff continue to work on the IPE flow charts to review/improve club office processes.

Club Projects

- Resurfacing of the Bocce courts will begin on September 23rd

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Centers:

USAGE BY CENTER	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>TOTAL</u>
BELL	23,335	27,732	30,512	31,182	23,151	27,686	30,566	28,751	222,915
FAIRWAY	18,994	18,620	19,439	19,861	20,064	21,688	21,689	18,859	159,214
LAKEVIEW	10,129	14,061	17,081	13,036	10,810	7,846	7,138	6,009	86,110
MOUNTAIN VIEW	4,003	4,090	6,545	6,203	4,758	3,481	3,520	3,540	36,140
MARINETTE	17,278	18,369	19,496	20,589	11,822	11,541	11,045	10,689	120,829
OAKMONT	3,119	3,302	4,365	4,182	4,767	4,406	4,635	3,761	32,537
SUNDIAL	19,239	17,703	17,990	13,470	11,804	9,319	6,690	11,841	108,056
TOTAL CENTER USAGE	96,097	103,877	115,428	108,523	87,176	85,967	85,283	83,450	765,801

USAGE SUMMARY BY ACTIVITY	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG</u>	<u>TOTAL</u>
BASKETBALL	31	61	106	31	12	18	34	34	327
BILLIARDS	2,795	2,607	2,733	2,441	2,188	2,111	2,286	2,150	19,311
BOATS, PEDAL & ROW	587	1,109	1,435	948	406	130	101	50	4,766
BOCCE (open)	255	206	290	116	17	12	4	3	903
DARTS	783	833	928	750	616	643	661	552	5,766
FISHING	289	191	113	76	98	89	81	58	995
FITNESS	36,395	34,847	34,557	31,275	27,379	26,500	28,860	28,831	248,644
WHISPERBALL/RACQUETBALL	322	323	351	270	216	261	304	166	2,213
HORSESHOES	120	135	80	25	5	-	3	-	368
MINI GOLF	4,317	6,411	8,568	4,760	1,999	802	347	419	27,623
PICKLEBALL	10,362	11,240	11,265	13,007	4,897	3,484	2,837	2,891	59,983
POOLS, SWIMMING	12,704	14,306	20,065	20,085	21,190	20,981	20,189	20,315	149,835
POOLS, WALKING	3,126	5,466	6,920	11,128	9,581	13,495	13,549	11,977	75,242
POOLS, WARM WATER	2,296	2,493	2,086	2,029	1,488	1,133	591	1,358	13,474
SHUFFLEBOARD (open)	794	868	940	569	487	583	503	398	5,142
SPA, INDOOR	4,245	4,008	3,784	2,976	2,669	1,865	1,176	2,252	22,975
SPA, OUTDOOR	4,212	6,080	6,812	7,622	4,045	5,027	3,698	3,118	40,614
TABLE TENNIS	841	800	904	757	749	635	709	804	6,199
TENNIS COURTS	1,119	1,136	1,233	1,004	753	407	404	446	6,502
WALKING, INDOOR	5,579	4,676	4,682	4,810	5,448	6,577	8,093	6,718	46,583
WALKING, OUTDOOR	4,925	6,529	7,576	4,034	2,933	1,214	853	910	28,974
TOTAL ACTIVITY USAGE	96,097	104,325	115,428	108,713	87,176	85,967	85,283	83,450	766,439

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FACILITIES:

Projects:

In-Work

Mountain View Recreation Center

- Completed initial Performing Arts Center (PAC) Site Selection review with triARC design + architecture 08/19/24.
- Next Step: Deeper dive on the top 3 recommended sites; review results with triARC set for 10/03/24

Recently Completed

Bell Recreation Center

- Completed woodworking upgrades, light enhancements, painting and stucco project. Project was completed on August 13 at a cost of \$ 48,904. Contractors: Accel Electric and Exquisite Painting Co.
- Completed metal shop upgrades, new lighting, painting, duct work and HVAC unit cleaning. Project was completed on August 29 at a cost of \$ 47,930. Contractors: Exquisite Painting, Voss Lighting and K.M. Facility Services

Marinette Recreation Center

- Completed front desk extension project. Project was completed on August 26 at a cost of \$ 13,536. Contractors: Exclusive Millworks, Accel Electric & Native Technologies Solutions

Fairway Recreation Center

- Completed walking track LED lighting project. Project was completed on August 28 at a cost of \$ 23,500. Contractor: Copper King Electric

Sun Dial Recreation Center

- Completed acid feeders' installation at four pools and SPA's project. Project was completed on August 22 at a cost of \$ 24,256. Contractors: CPR Pools and Copper King Electricians
- Completed chlorine feeders at four pools and SPA's project. Project was completed on August 23 at a cost of \$ 26,741. Contractors: CPR Pools and Copper King Electricians

Lakeview Recreation Center

- Completed new lights installation at the Miniature golf course. Project was completed on August 14 at a cost of \$ 1,702. Contractor: Accel Electric

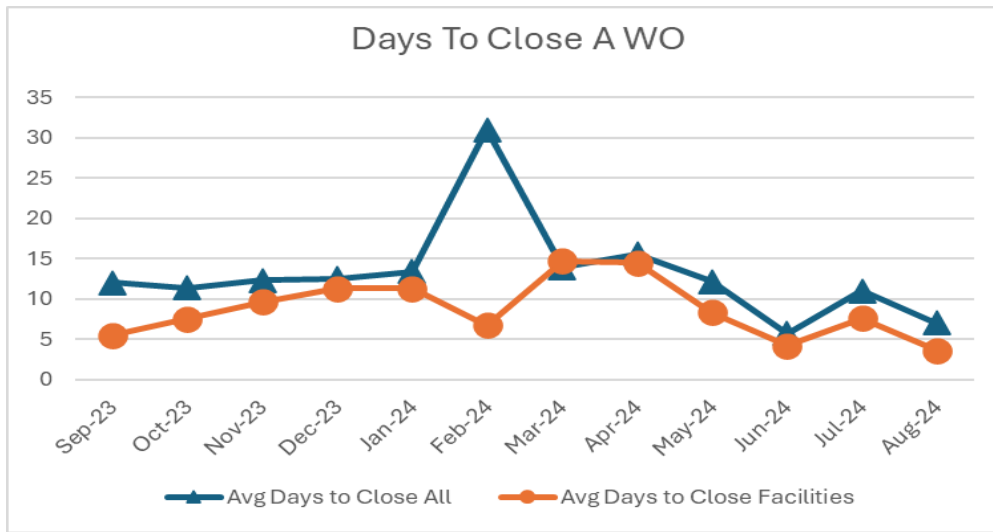
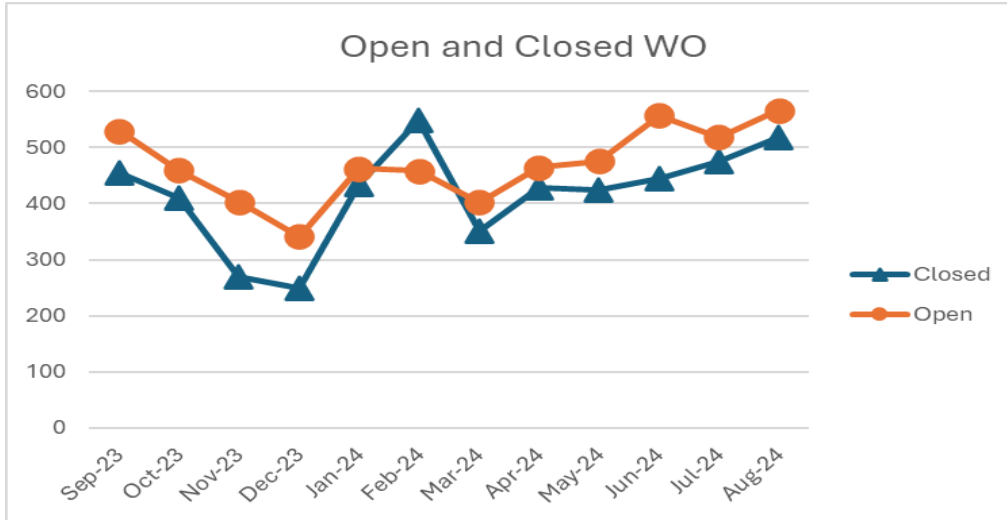
Sun Bowl Amphitheater

- Completed painting improvements to arch and facility. Project was completed on August 30 at a cost of \$ 11,500. Contractor: Exquisite Painting Co.

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WORK ORDERS (Skilled Trades, Repair and Maintenance):

The Facilities Department had 566 open work orders as of September 1 and completed 519 work orders in August 2024. The average time to close a work order in August 2024 was 7.0 days. The Facilities Department has completed 3,626 work orders as of September 1.



LAWN BOWL AND GROUNDS: As of Tuesday, September 10, 2024

SITE	SPEED	MOISTURE
BELL NORTH	12.9	12.2
BELL SOUTH	13.0	13.0
LAKEVIEW EAST	12.5	14.0
LAKEVIEW WEST	13.2	13.5
OAKMONT	12.5	10.0
MOUNTAIN VIEW	12.0	9.5

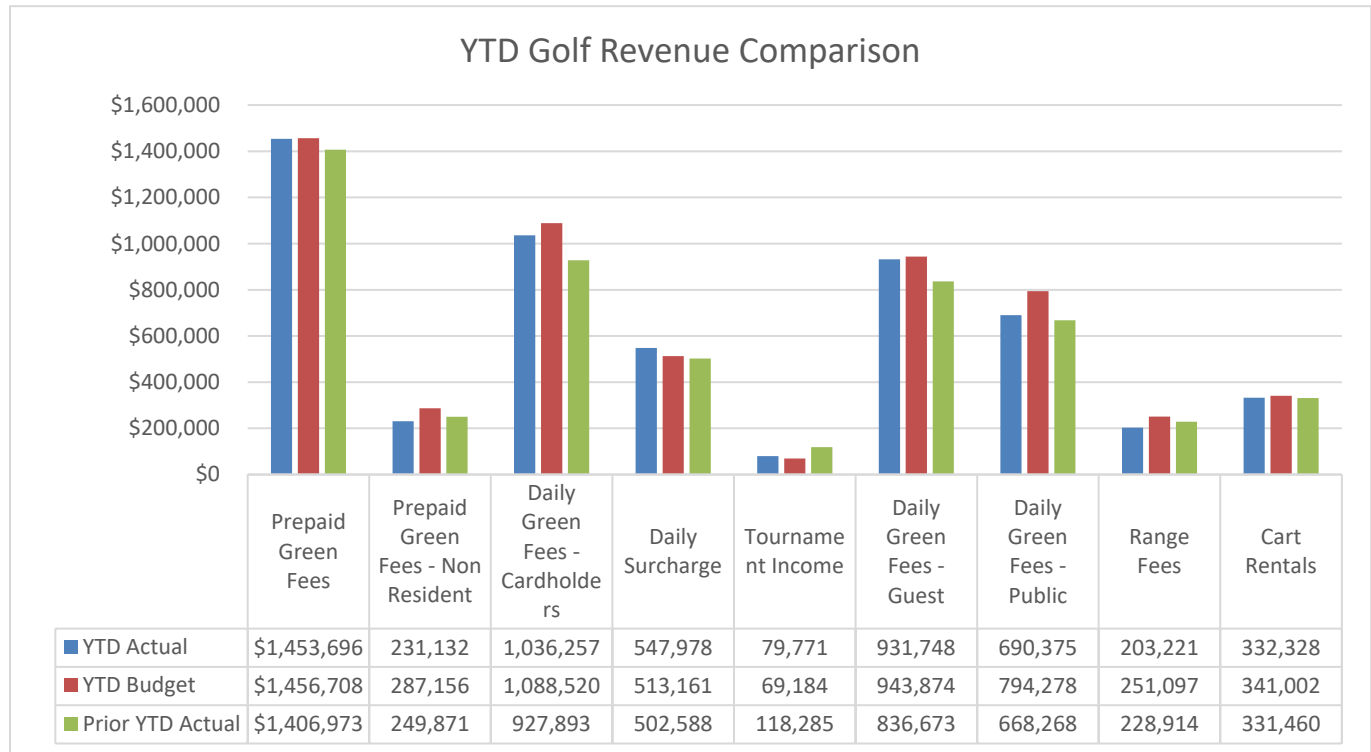
GROUNDS:

The lawn bowls are mowed, rolled and ditches are cleaned three times a week.

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GOLF:

Pro Shops:



This chart compares Year-to-Date (YTD) Golf Revenue across different categories for the current year (YTD Actual), budgeted figures (YTD Budget), and the previous year's actuals (Prior YTD Actual). These are key observations and insights from each revenue category:

Prepaid Green Fees:

YTD Actual \$1,453,696

YTD Budget \$1,456,780

Prior YTD Actual \$1,406,973

Analysis: The current year's prepaid green fees are slightly below budget but have increased from the prior year, suggesting a stable or growing demand for prepaid options.

Prepaid Green Fees - Non-Resident:

YTD Actual \$231,132

YTD Budget \$287,156

Prior YTD Actual \$249,871

Analysis: Revenues from non-residents are underperforming relative to both budget and last year, which could indicate a reduction in non-resident participation or a potential price adjustment.

Daily Green Fees - Cardholders:

YTD Actual \$1,036,257

YTD Budget \$1,088,520

Prior YTD Actual \$927,893

Analysis: While the actual revenue for cardholders is below the budget, it has increased significantly from the prior year. This indicates a positive trend in cardholder engagement, although the budget goal wasn't fully met.

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Daily Surcharge:

YTD Actual	\$547,978
YTD Budget	\$513,161
Prior YTD Actual	\$502,588

Analysis: The daily surcharge is performing above both budget and last year's actuals, indicating that this fee is generating higher revenue, possibly due to higher play volume or increased rates.

Tournament Income:

YTD Actual	\$79,771
YTD Budget	\$69,184
Prior YTD Actual	\$118,285

Analysis: Although tournament income exceeded the budget, it is down considerably from last year's actuals. This suggests fewer or smaller-scale tournaments compared to the prior year, possibly due to scheduling changes or reduced participation.

Daily Green Fees - Guest:

YTD Actual	\$931,748
YTD Budget	\$943,874
Prior YTD Actual	\$836,673

Analysis: Guest fees are only slightly below the budget but have shown a significant improvement over last year's actuals. This suggests an increase in guest participation, although it fell short of expectations for the current year.

Daily Green Fees - Public:

YTD Actual	\$690,375
YTD Budget	\$794,278
Prior YTD Actual	\$668,268

Analysis: Public daily green fees are below both the budget and prior year's actuals. This could be an area of concern, as fewer public players seem to be participating, or the rate structures may not be as competitive.

Range Fees:

YTD Actual	\$203,221
YTD Budget	\$251,097
Prior YTD Actual	\$228,914

Analysis: Range fees are underperforming compared to both budget and last year's actuals, indicating that fewer players are using practice facilities or that range pricing might not align with expectations.

Cart Rentals:

YTD Actual	\$332,328
YTD Budget	\$341,002
Prior YTD Actual	\$331,460

Analysis: Cart rental revenue is nearly on par with both the budget and prior year's actuals, reflecting consistency in this revenue stream, with only slight variation.

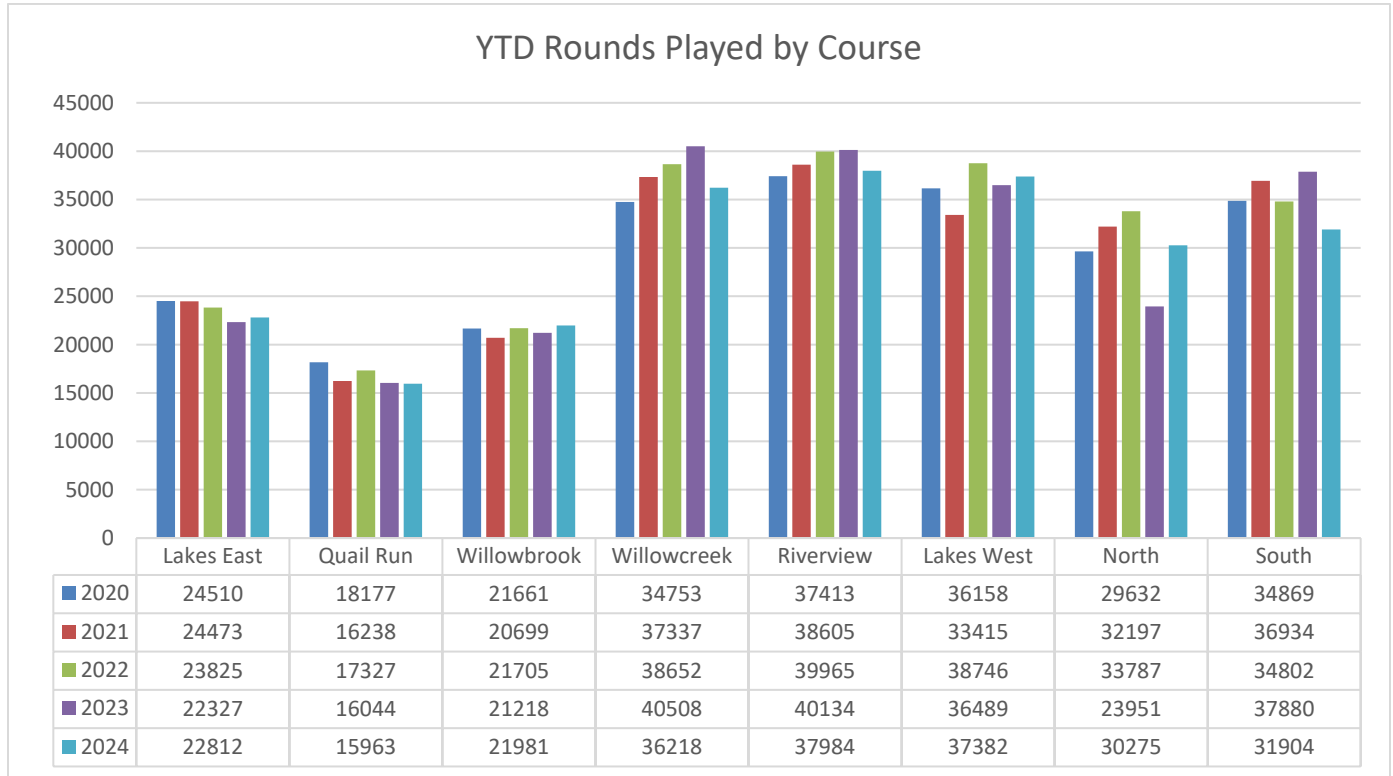
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Key Takeaways:

Overall Positive Growth: Many categories, such as prepaid green fees, daily green fees for cardholders, daily surcharge, and guest fees, have shown growth compared to the prior year.

Budget Shortfalls: Despite growth, several categories (non-resident fees, public fees, and range fees) are below budget, indicating possible shortfalls in certain segments.

Tournaments Decline: Tournament income has seen a notable drop from the previous year, which could be a key area to investigate for opportunities to increase engagement.



Breakdown of the trends and key insights:

Lakes East:

Rounds have gradually decreased from 2020 (24,510 rounds) to 2023 (22,327 rounds), before experiencing a slight increase in 2024 to 22,812 rounds.

Quail Run:

There is a consistent decrease in rounds played over the years, from 18,177 in 2020 to 15,963 in 2024. The sharpest decline was in 2021, dropping to 16,238 rounds.

Willowbrook:

Rounds have remained relatively stable from 2020 to 2023, ranging between 21,661 and 21,218 rounds. In 2024, the number of rounds increased to 21,981, marking the highest point in recent years.

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Willowcreek:

This course shows an upward trend, starting at 34,753 rounds in 2020 and peaking in 2023 with 40,584 rounds. There's a slight decline in 2024 to 36,218 rounds.

Riverview:

Riverview consistently records high rounds played, rising from 37,413 in 2020 to a peak of 40,134 in 2023. In 2024, rounds played slightly decreased to 37,984.

Lakes West:

The rounds played show steady growth from 36,158 in 2020 to 38,746 in 2022. There's a slight drop in 2023 to 36,489, followed by a recovery to 37,382 in 2024.

North:

Rounds played at North varied widely. It dropped significantly in 2023 (23,951 rounds) but recovered to 30,275 in 2024. Prior to that, there had been a steady increase from 2020 to 2022, with the peak at 33,787 rounds in 2022.

South:

South experienced fluctuations but overall growth in rounds played, from 34,869 in 2020 to a peak of 37,880 in 2023, before declining slightly to 31,904 in 2024.

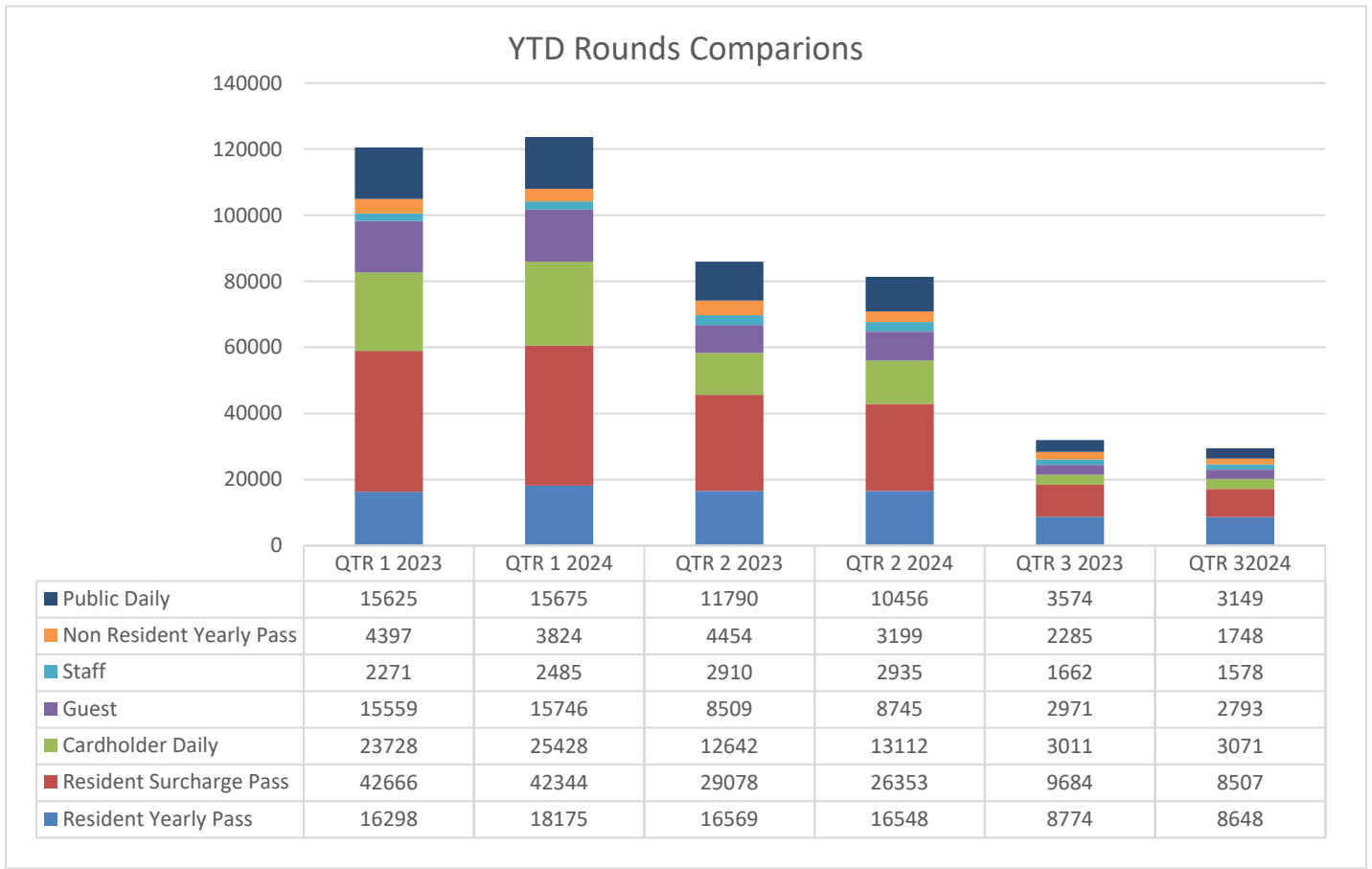
General Insights:

Steady Performers: Riverview, Willowcreek, and Lakes West consistently have the highest rounds played. Willowcreek reached its peak in 2023, indicating it remains a popular course.

Courses with Declines: Quail Run and North saw the most significant drops in rounds played during these five years, although North is making a recovery in 2024.

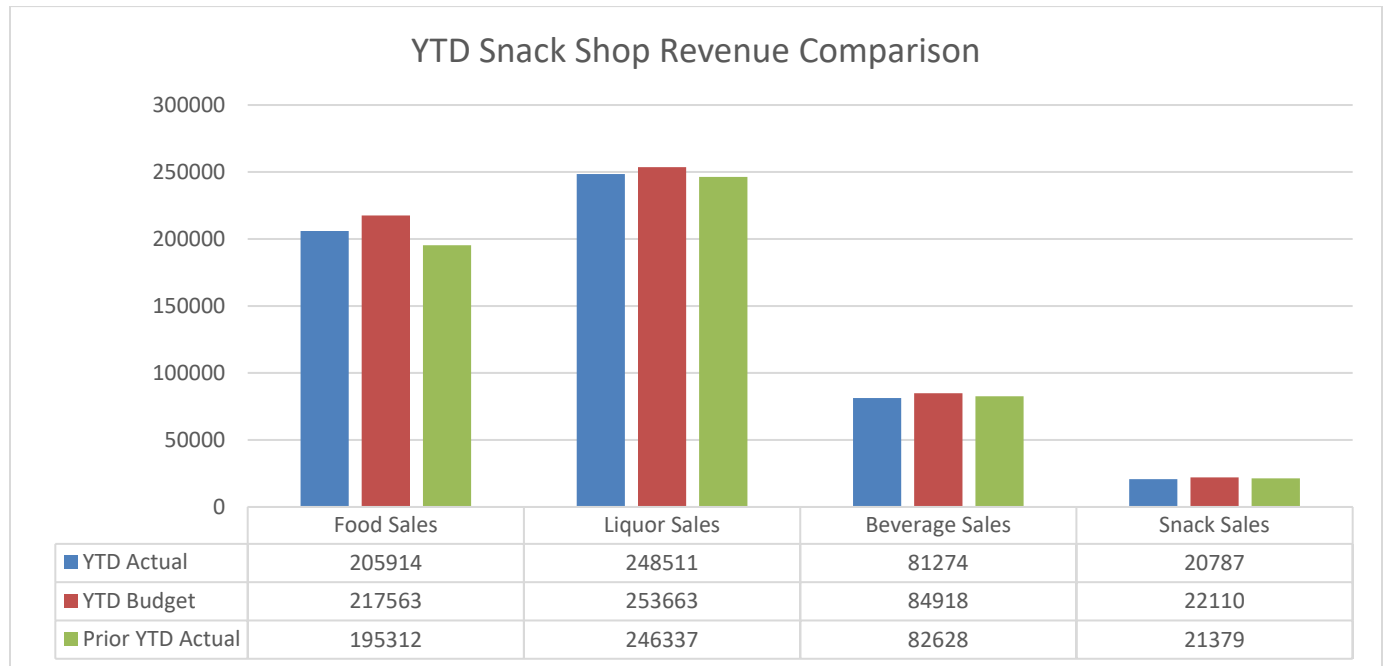
2023 as a Peak Year: Many courses, such as Willowcreek and Riverview, reached their peak number of rounds played in 2023, suggesting increased player activity that year.

2024 Fluctuations: Some courses are showing a decline in 2024 compared to previous years, which may indicate a shift in player preferences or external factors affecting participation.



- 18.49% of total rounds played by Resident Yearly passholders, up from 17.46% last year
- 32.92% of total rounds played by Resident Surcharge passholders, down from 34.15% last year
- 17.74% of total rounds played by Resident Cardholders, up from 16.51% last year
- 3.74% of total rounds played by Non-Resident Yearly passholders, down from 4.67% last year
- 12.49% of total rounds played by Public Golfers, down from 13.00% last year
- 11.63% of total rounds played by Guests, up from 11.34% last year
- 2.98% of total rounds played by Staff, up from 2.87% last year

Snack Shops:



The "Year-to-Date (YTD) Snack Shop Revenue Comparison" chart provides an overview of actual, budgeted, and prior year revenue performance across four key sales categories: Food Sales, Liquor Sales, Beverage Sales, and Snack Sales.

Food Sales:

YTD actual sales are \$205,914, which is slightly under the budgeted amount of \$217,563 but higher than the prior year's actual of \$195,312. This indicates modest growth compared to the previous year, though still below the current year's target.

Liquor Sales:

YTD actual sales reached \$248,511, performing well against the budgeted \$253,663 and showing a slight increase from the prior year's \$246,337. This suggests a stable revenue stream in liquor sales, closely aligning with budget expectations.

Beverage Sales:

The actual revenue for beverages is \$81,274, which falls short of the \$84,918 budget but remains slightly below the prior year's \$82,628. The performance indicates a small decline both from the budget and the prior year, signaling potential room for improvement.

Snack Sales:

Actual revenue for snack sales stands at \$20,787, just under the budget of \$22,110 and the prior year's \$21,379. Like beverage sales, snack revenue shows a slight underperformance compared to both budget and previous year actuals.

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Overall, the chart shows that while some categories (like food and liquor sales) are performing better than the prior year, they are still falling short of the current year's budgeted targets. The beverage and snack sales categories also reflect slight declines compared to both budget and prior year actuals.

Golf Courses:

Superintendent Update (Chuck Hyppa)

As we enter this overseed season we are very optimistic that the courses will thrive this Fall and Winter. The weather has certainly cooled down in the mornings, which will be a major benefit in terms of seed germination. We will be seeding our green banks very similar to last year regarding the expansion of them. This was very well received last Winter. We will also be seeding our street front areas that are highly visible from the main streets. This will add to the overall aesthetic value of our properties. We are excited to get started next week and we are looking forward to seeing you all out on the courses this Fall.

2024 OVERSEED SCHEDULE

Golf Course will be Closed

<u>Course</u>	<u>Overseed</u>	<u>Opens</u>	<u>Off Cart Path</u>
North	Sept 23	Oct 11	Nov 1
Lakes West	Sept 23	Oct 11	Nov 1
Riverview	Sept 23	Oct 11	Nov 1
Willowbrook	Sept 23	Oct 11	Nov 1
South	Oct 14	Nov 1	Nov 22
Lakes East	Oct 14	Nov 1	Nov 22
Quail Run	Oct 14	Nov 1	Nov 22
Willowcreek	Oct 14	Nov 1	Nov 22