

University Park Recreation District
Management Discussion & Analysis Report
As of March 31, 2021

Overview

The expansion of the COVID-19 vaccination program to include all adults over the age of 18 is great news for our operation and for our staff. The strong performance that we have seen on the golf course continued in March and our à la carte food service has remained strong. We have yet to see a significant comeback of our banquet and catering business and member events have not gained traction. The fact that season is winding down and we are entering the off season will make it hard to jump start member events, but we have a full schedule planned. We remain optimistic as we wait for news that the current vaccines are effective against the variants and that the recent uptick in COVID cases reflects the recent Spring Break activities which should have little impact on our operation.

The high volume of traffic on the golf course in February continued in March. Member rounds once again exceeded Outside rounds and revenue exceeded budget as well as 2018 and 2019 results despite the rate increase on February 1st and the potential for unsold tee times, due to rate resistance.

Daily food and beverage sales outpaced budget and there was strong member support for the special dining events offered to encourage member participation and to replace the member events that historically have driven so much revenue during high season. Interestingly, we have started to see to-go food sales dropping off, likely a reflection of our fully vaccinated members feeling comfortable eating out in our restaurant and others in town.

Activity on the tennis courts continues to bustle throughout the day and members are now able to bring guests. The Fitness Centre will once again be open to key fob, after hours entry beginning May 1st and Fitness Classes may move inside if members feel comfortable doing so. Until such time, Fitness classes will remain outdoors.

We are currently evaluating a potential re-opening of the Varsity Club for card games and such during the day. The Card Room is currently being used temporarily as office space for the PBM staff during the former Sales Office renovations which will begin on or about April 15th and take approximately 90 days. Re-opening the Varsity Club for Friday night happy hour will likely not occur until the Card Room is available and the close quarters in the Varsity Club can be reconfigured to allow for social distancing and other COVID protocols.

Strategic Planning

The Fawley Bryant Architecture team presented the Master Plan at a Town Hall Meeting on April 1st in the Lakeside Room. Despite some early technological glitches, the presentation was well received, and the recording is available upon request. The Final Master Plan will be presented to

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the Board of Supervisors on April 9th at which time the Board is expected to approve the Master Plan which is a road map for the future. The Board gave PBM Management approval to start the Request for Proposal (RFP) process for short term projects included in the Master Plan. The RFP process is expected to take up to 90 days with a potential start date for improvements of July 1st.

Club Management will be presenting membership plan recommendations to the Board at the Public Hearing for Dues and Fees and Rules Changes at the April 9th Board meeting. Member and resident comments regarding the previous two presentations have been considered and amendments to the original proposal have been incorporated. The membership plan will be included in the April 9th meeting agenda package which will be posted on the RD website.

Food and Beverage

The Food and Beverage team continues to explore changes to our current operation to engage members and begin the transition back to pre-COVID activities and formats including our famous Sunday Mimosa Brunch and Monday Soup Salad and Sandwich Buffet. Those buffet style offerings will not be re-introduced until such time as we feel that we can do it safely while maintaining the level of service that our members and guests have come to expect. The lessons that we learned about to-go service during COVID will serve us well going forward as we look for ways to improve and enhance this option.

The popularity of outdoor dining space has created a new after golf business segment that never existed, and we are focused on maintaining that business post-COVID. The proposed expansion of the outdoor dining and casual gathering spaces as part of the Phase I projects in the Master Plan could have a short-term impact on that business which we predict will come back quickly after the renovations are completed.

Golf

Golf revenue in March exceed budget as well as last year. Any comparison to last March would not be relevant given the state mandated shut down and stay at home orders during that time period. Totals rounds in March were 10,166 and member rounds outpaced outside rounds by 287 rounds.

Strong sales and continued member participation and expected longer seasonal member stays again this year have driven the decision to discontinue the Monday Men's League and other less successful programs.

Despite the ongoing traffic on the golf course, Curtis Nickerson and team have continued to maintain the course at a level not seen at most private country clubs with considerably less traffic.

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Membership

Summer Golf memberships which begin on April 15th have already exceeded last summer's total sales despite the increase in price. The new Summer Membership program does not include a food and beverage minimum and we remain confident that our food and beverage team will keep the summer members engaged and using our facilities without the required purchases.

Annual membership sales were strong as well with three Full memberships sold during a time period when Full membership sales are generally slow.

	Full	Tennis	Sports	Social	Soc / Res - Cmty Recrd	Twilight Tennis	Jr. Exec.	Change in Annual Mths	Trial Full	Trial Ten/Fit	Trial Fit/Soc	Trial Social	Sum Golf	Sum Tennis	Sum Dining	Change in Other Mbrs	Required Community Memberships
2020 Totals	291	106	79	208	459	8	3	1154	7	7	3	4	0	0	0	21	823
Jan 2021	4	-1	-3	-1	6	1		6	14	1	2	2				18	6 7 Soc/Res, 1 Tennis
Feb 2021	4	2	-1	-5	-1	2		1	6	-3	1	-1				3	9 7 Soc/Res, 1 Full, 1 Tw Ten
	3/3	1		2	-1	2		4	1		1					2	5 3 Soc/Res, 1 Full, 1 Sports
	3/9	1	-1		-1	3		2	-3	-1						-4	4 3 Soc/Res, 1 Full
	3/17	1		-2	-1	0		-2	-1							-1	1 1 Soc/Res
SMR	3/23							0					68	4	X	72	
	3/30			1	1	-3		-1	-9	-2	-1	-3				-15	
NEW-SMR	3/31							0					88	5	X	93	
Total Members	302	106	76	200	466	11	3	1164	15	2	6	2	156	9	0	190	850

Past Summer Counts Summer Conversions

Golf	T&F	Dining	Year	
136	25	45	2013	
121	22	25	2014	
192	26	42	2015	
108	26	35	2016	
76	15	24	2017	4 Full, 3 Tennis, 2 Sports, 2 Social
175	17	36	2018	9 Full, 4 Tennis, 1 Sports, 6 Social
235	25	40	2019	19 Full, 7 Tennis, 4 Sports, 11 Social
152	54	5	2020	15 Full, 18 Tennis, 2 Sports, 3 Social

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Statements of Operations (as of February 28, 2021):

SUMMARY STATEMENT OF OPERATIONS	FY2021	FY2021	FY2021	FY2021
Description	YTD Actual	YTD Budget	YTD Variance	Budget
REVENUE:				
MEMBERSHIP DUES	\$ 1,373,618	\$ 1,410,852	\$ (37,234)	\$ 3,490,674
GOLF OPERATIONS	1,527,840	1,211,242	316,598	2,525,706
TENNIS & FITNESS CENTRE	28,319	28,926	(607)	67,806
RESTAURANT INCOME	703,434	837,564	(134,130)	1,721,582
OTHER INCOME	-	-	-	5,000
TOTAL REVENUE	\$ 3,633,211	\$ 3,488,584	\$ 144,627	\$ 7,810,768
EXPENSES:				
PAYROLL & RELATED:				
GOLF OPERATIONS	\$ 216,773	\$ 231,683	\$ (14,910)	\$ 536,990
TENNIS & FITNESS CENTRE	84,013	88,310	(4,297)	208,375
RESTAURANT	495,386	504,429	(9,043)	1,181,409
GOLF COURSE MAINTENANCE	573,404	600,871	(27,467)	1,426,398
GENERAL & ADMINISTRATIVE	465,374	453,824	11,550	1,088,773
TOTAL PAYROLL & RELATED	\$ 1,834,950	\$ 1,879,117	\$ (44,167)	\$ 4,441,945
DIRECT EXPENSES:				
GOLF OPERATIONS	\$ 316,420	\$ 265,670	\$ 50,750	\$ 598,782
TENNIS & FITNESS CENTRE	40,905	50,681	(9,776)	119,681
RESTAURANT CGS	332,777	309,191	23,586	665,791
RESTAURANT OPER EXP	182,556	201,713	(19,157)	425,426
GOLF COURSE MAINTENANCE	541,134	535,422	5,712	1,186,312
GENERAL & ADMIN	174,668	145,008	29,660	315,472
PROPERTY INSURANCE	77,588	82,305	(4,717)	197,532
OTHER	34	5,900	(5,866)	14,160
TOTAL DIRECT EXPENSES	\$ 1,666,082	\$ 1,595,890	\$ 70,192	\$ 3,523,156
OPERATING INCOME/(LOSS)	\$ 132,179	\$ 13,577	\$ 118,602	\$ (154,333)
INITIATION FEES & OTHER	207,484	128,475	79,009	159,250
OPERATIONS RECOVERY SURCHARGE (1/1/21-9/30/21)	77,000	79,575	(2,575)	361,710
SUB-TOTAL	\$ 416,663	\$ 221,627	\$ 195,036	\$ 366,627
RD GOVERNANCE- REVENUE	2,328			-
RD GOVERNANCE- DISTRICT MANAGEMENT	(29,167)			(70,000)
RD GOVERNANCE- LEGAL	(30,746)			(35,000)
RD GOVERNANCE- OTHER	(55,070)			(112,090)
	(112,654)	-	-	(217,090)
SURPLUS FOR OTHER RD NEEDS	\$ 304,009	\$ 221,627	\$ 195,036	\$ 149,537

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- (a) \$316k increase over Budget due to 4,543 more rounds than budgeted, including 2,258 outside rounds, and aggressive pricing.
- (b) Continued impact of COVID-19, particularly no Banquet events. Higher COGS is due to “To Go” Service costs vs. traditional indoor dining and fewer dining events with higher profit margins (e.g., special events and Sunday brunch).
- (c) G&A expenses include legal expenses related to a 401(k) Plan matter (\$17k) & Trademarks (\$10k) and Strategic Planning Consulting (Jack Sullivan)(\$7k).
- (d) Actual expense of \$30k includes \$24k of General Representation and \$6k of Lien Litigation matters.
- (e) FY2021 YTD expenses include unique/unbudgeted expenses for the Election (\$13k), Annual Trustee Fee (\$7k) and Accounting (\$6k) which will smooth out variance to Budget over the balance of the FY.

Revenue Flash Report (as of March 31, 2021):

	March			YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
MEMBERSHIP DUES	\$ 372,342	\$ 366,560	\$ 5,782	\$ 1,822,961	\$ 1,856,987	\$ (34,026)
GOLF OPERATIONS	469,406	356,840	112,566	1,997,246	1,568,082	429,164 (a)
TENNIS & FITNESS CENTRE	7,918	7,716	202	36,238	36,642	(404)
RESTAURANT OPERATIONS	203,866	201,105	2,761	907,301	1,038,669	(131,368) (b)
TOTAL OPERATING REVENUE:	\$ 1,053,532	\$ 932,221	\$ 121,311	\$ 4,763,746	\$ 4,500,380	\$ 263,366
INITIATION FEES & OTHER INC	20,149	12,575	7,574	227,633	141,050	86,583 (c)
OPERATIONS RECOVERY SURCHARGE	37,435	40,005	(2,570)	114,435	119,580	(5,145)
TOTAL OTHER REVENUE:	\$ 57,584	\$ 52,580	\$ 5,004	\$ 342,068	\$ 260,630	\$ 81,438
TOTAL REVENUE:	\$ 1,111,116	\$ 984,801	\$ 126,315	\$ 5,105,814	\$ 4,761,010	\$ 344,804

- (a) \$429k over Budget YTD due to aggressive outside pricing and substantially more rounds, as outlined below:

Member Rounds	5,086	4,350	736	25,946	22,915	3,031
Outside Rounds	4,796	3,785	1,011	22,539	19,260	3,279
	9,882	8,135	1,747	48,485	42,175	6,310

- (b) Reflects continued impact of COVID-19 on restaurant sales, notably banquet events, as well as the deferral of the F&B minimum spend to December 2021 (generally recorded as revenue in December).

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- (c) Reflects new membership sales for the six months ending March 2021. Although net membership dues have decreased overall, new memberships (the basis for Initiation Fees) have exceeded Budget.