

University Park Recreation District
Management Discussion & Analysis Report
As of December 31, 2020

Overview

December 2020 will be a December to Remember! COVID-19 and related challenges continue to impact our operation and is changing the way we do business. Holiday celebrations that once filled our dining rooms were non-existent and the golf course was brimming with golfers leading to a record-breaking month and year in the golf operation. Outdoor fitness classes continue to gain popularity and the tennis court is a safe haven from the COVID-19 storm.

Golf is booming and our December results shattered all previous records for the month and the year. Not only are we selling lots of golf, but we're also selling more merchandise and equipment. Rates remain aggressive with very little discounting or special offers. This is a departure from previous years.

Christmas and New Year's Eve celebrations became carry-out events that exceeded all expectations and will likely become an annual tradition. Outdoor dining remains strong and the addition of new propane heaters has improved conditions for colder days and nights.

We remain vigilant in our COVID-19 protocols and have not seen the post-holiday surge in cases that many communities have seen. The daily microbial fogging of the club facilities and mandatory mask requirement for all staff members has been effective and will continue indefinitely. An associated benefit of these safety measures has been the decrease in general sickness throughout our operation.

The COVID-19 vaccine roll out will begin to impact our operation in the coming months as more and more members and residents are vaccinated. As this process unfolds, we will be prepared to act quickly and begin offering more and more events and opportunities to gather as conditions warrant.

Strategic Planning

John Scott from Fawley Bryant will be working with Laurie Evans to schedule upcoming stakeholder and Strategic Planning Group meetings during the first 30 days of the 90-day Master Planning Process. There will be an aggressive timetable in place to stay on schedule.

The Strategic/Master Planning Group continues the development of Action Plans, in key strategic areas, which will be used as a roadmap for future initiatives. Supervisors will be asked to participate in this process.

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Food and Beverage

Daily food and beverage sales and to-go service remains strong. The reinvention of Christmas and New Year's Eve helped to offset the lost banquet business in December, our strongest banquet business month. This year's holiday event cancellations may impact future bookings from repeat clients who found other ways to reward staff members in lieu of hosting a holiday party.

Members have not been interested in attending member events since the resurgence of COVID in late October, but we expect that to change with the vaccine roll out. We are actively planning more events for the coming months and will be introducing a new monthly member newsletter, produced in-house, that will give us more flexibility and allow us to adjust and add or make changes to events as conditions warrant.

We continue to see savings in linen, decorations and entertainment and we are working on ways to reduce costs for to-go containers, additional labor, and increased cost of goods due to COVID-19.

Staffing & Human Resources

Hiring qualified candidates for open positions continues to be an ongoing challenge during the COVID-19 pandemic. Staff members should be commended for their hard work under challenging safety conditions and staff shortages. As most staff members are well below the current age requirements for vaccinations, it will be sometime before our staff will be protected.

Golf

Total golf rounds in December at 7,500 helped to drive the record 81,400 rounds for 2020. Great weather and demand drove these outstanding results which show no sign of slowing down.

The aggressive \$110 rate became effective December 18th with no impact on golf play. As previously reported, rates will increase to \$125 on February 1st, a record high.

The downside to all of this golf play is the impact that it has on the golf course conditions. With the early frost on December 26th and 27th, the turf will struggle during this slow growing period. The continued impact of the high volume will be seen on the driving range and in the highest traffic areas on the golf course.

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Membership

Membership status changes and resignations are all posted in December and as predicted this has turned out to be a challenging year-end. A late month surge in Full membership sales helped to offset downgrades and resignations with a net loss of just 7 memberships for the year. Our budgeted loss was net 10 Full memberships.

The dues relief provided to International Full, Sports and Tennis members who are unable to return to the US due to travel restrictions mitigated the loss of full members with only full membership resignation which was tied to the sale of a home and not COVID-19 and two temporary downgrades.

Resident Social membership sales are strong due to the strong real estate sales. Summer tennis membership conversions drove the increase in tennis memberships. Sports memberships saw the greatest change.

End of Year Summary (as of 12-29-20)									
		Changes for 2020 Year End							
SUMMARY	<u>Begin 2020</u>	<u>As of 12-29-20</u>	<u>2020 Net Change</u>	<u>% Change</u>	<u>Changes - Minus</u>	<u>Changes - Plus</u>	<u>Resignations</u>	<u>Proj Y-E Number</u>	<u>% Change</u>
Full	298	324	26	8.7%	-23	0	-10	291	-2.3%
Tennis	97	120	23	23.7%	-13	2	-1	108	11.3%
Sports	105	105	0	0.0%	-32	8	-2	79	-24.8%
Social	218	212	-6	-2.8%	0	26	-28	210	-3.7%
Social/Resident	404	446	42	10.4%	0	28	-14	460	13.9%
Twilight Tennis	8	6	-2	-25.0%	0	4	-2	8	0.0%
Jr. Exec	2	3	1	50.0%	0	0	0	3	50.0%
TOTALS	1132	1216	84	6.9%	-68	68	-57	1159	2.4%

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Statements of Operations (as of November 30, 2020):

UNIVERSITY PARK COUNTRY CLUB & RD					
TWO MONTHS ENDING NOVEMBER 30, 2020					
SUMMARY STATEMENT OF OPERATIONS					
Description	FY2021 YTD Actual	FY2021 YTD Budget	FY2021 YTD Variance	FY2021 Budget	
REVENUE:					
MEMBERSHIP DUES	\$ 521,939	\$ 548,565	\$ (26,626)	\$ 3,490,674	
GOLF OPERATIONS	445,276	359,869	85,407	2,525,706	(a)
TENNIS & FITNESS CENTRE	8,378	10,088	(1,710)	67,806	
RESTAURANT INCOME	259,331	274,345	(15,014)	1,721,582	
OTHER INCOME	-	-	-	5,000	
TOTAL REVENUE	\$ 1,234,924	\$ 1,192,867	\$ 42,057	\$ 7,810,768	
EXPENSES:					
PAYROLL & RELATED:					
GOLF OPERATIONS	\$ 90,488	\$ 103,700	\$ (13,212)	\$ 536,990	
TENNIS & FITNESS CENTRE	35,616	39,318	(3,702)	208,375	
RESTAURANT	214,079	223,116	(9,037)	1,181,409	
GOLF COURSE MAINTENANCE	250,631	271,225	(20,594)	1,426,398	
GENERAL & ADMINISTRATIVE	204,802	215,420	(10,618)	1,088,773	
TOTAL PAYROLL & RELATED	\$ 795,616	\$ 852,779	\$ (57,163)	\$ 4,441,945	
DIRECT EXPENSES:					
GOLF OPERATIONS	\$ 110,926	\$ 98,307	\$ 12,619	\$ 598,782	
TENNIS & FITNESS CENTRE	14,773	19,664	(4,891)	119,681	
RESTAURANT CGS	127,868	107,402	20,466	665,791	(b)
RESTAURANT OPER EXP	70,311	80,862	(10,551)	425,426	
GOLF COURSE MAINTENANCE	248,437	253,167	(4,730)	1,186,312	
GENERAL & ADMIN	54,996	47,331	7,665	315,472	
PROPERTY INSURANCE	32,953	32,922	31	197,532	
OTHER	34	2,360	(2,326)	14,160	
TOTAL DIRECT EXPENSES	\$ 660,298	\$ 642,015	\$ 18,283	\$ 3,523,156	
OPERATING INCOME/(LOSS)	\$ (220,990)	\$ (301,927)	\$ 80,937	\$ (154,333)	
INITIATION FEES & OTHER	132,618	97,525	35,093	159,250	
OPERATIONS RECOVERY SURCHARGE (1/1/21-9/30/21)	-	-	-	361,710	
SUB-TOTAL	\$ (88,372)	\$ (204,402)	\$ 116,030	\$ 366,627	
RD GOVERNANCE- REVENUE	2,328			-	
RD GOVERNANCE- DISTRICT MANAGEMENT	(11,667)			(70,000)	
RD GOVERNANCE- LEGAL	(6,729)			(35,000)	(c)
RD GOVERNANCE- OTHER	(20,814)			(112,090)	(d)
	(36,882)	-	-	(217,090)	
SURPLUS FOR OTHER RD NEEDS	\$ (125,254)	\$ (204,402)	\$ 116,030	\$ 149,537	

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- (a) \$85k increase over Budget largely due to aggressive Outside Round pricing.
- (b) \$20k increase over Budget primarily due to impact of To Go Service vs. traditional indoor dining.
- (c) Excludes non-recurring litigation expenses totaling \$45k in FY2021 Budget.
- (d) Excludes \$40k of previously approved Accounting services which have been moved from PFM to internal staff as of November 1, 2020. Includes Contingency (\$40k), Audit (\$25k) and Assessment Administration (\$15k).

Revenue Flash Report (as of December 31, 2020):

	December			YTD			
	Actual	Budget	Variance	Actual	Budget	Variance	
MEMBERSHIP DUES	\$ 273,018	\$ 281,642	\$ (8,624)	\$ 799,057	\$ 837,457	\$ (38,400)	
GOLF OPERATIONS	313,754	213,639	100,115	759,030	573,508	185,522	(a)
TENNIS & FITNESS CENTRE	4,992	5,852	(860)	13,370	15,940	(2,570)	
RESTAURANT OPERATIONS	145,420	215,401	(69,981)	404,751	489,746	(84,995)	(b)
INITIATION FEES & OTHER INC	21,442	13,200	8,242	149,960	103,475	46,485	(c)
TOTAL REVENUE:	\$ 758,626	\$ 729,734	\$ 28,892	\$ 2,126,168	\$ 2,020,126	\$ 106,042	

- (a) Reflects continued aggressive pricing for non-member golf rounds as well as higher than budgeted number of total rounds.
- (b) Reflects continued impact of COVID-19 on restaurant sales as well as the deferral of the F&B minimum spend to December 2021 (generally recorded as revenue in December).
- (c) Reflects new membership sales for the three months ending December 2020. Although net membership dues have decreased overall, new memberships have exceeded Budget.