

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

Despite being in the heat of the summer and our “off-season”, club activities remain busy. Golf rounds, tennis & fitness programs and dining events continue to exceed budget and prior years.

Strategic Planning, Restaurant Renovations & Other

Club Design Group (CDG) continues to work on the interior and exterior design for the restaurant renovation project. Initial design concepts for an outdoor bar, social gathering spaces and the interior aesthetics have been established and will continue to be developed in the coming weeks. We anticipate an initial design to be ready for the UPRD board meeting in September. Walkthroughs with the Architect, Structural Engineer and a General Contractor have also occurred. The next meeting with Club Management, CDG and related contractors is next Tuesday, August 10th.

The Request for Proposal (RFP) for the new pickleball courts and related landscaping has been completed and is being published. We have identified a number of vendors who we would like to bid on the work and are optimistic we will have ample interest in the project. We continue to push for the work to begin as soon as possible.

Curtis Nickerson and his team continue to work on preliminary plans and material acquisition for the construction of the new regulation-sized croquet greensward on the grassy area between tennis courts 4 and 10. It is our hope that the new croquet pitch can be substantially complete by the time the pickleball court installation begins to have as little down time as possible for croquet play.

As we work through each respective project, we are beginning to feel the effects of labor, material and supply shortages (drivers, sod, lumber, among many others). It is our goal to minimize the delay of all work but certain matters may be out of our control. We will keep you informed if certain projects are materially impacted.

COVID-19 Update

As communicated on Monday, August 2nd, ALL individuals (residents, members, guests, vendors, etc.), regardless of vaccination status, are now required to wear a mask in ALL indoor spaces. This includes, but is not limited to, The Grille, Lakeside Room, Golf Pro Shop, Fitness Centre, Varsity Club, Card Room, and Community Center.

In addition, as of Friday, July 30th, ALL staff members, regardless of vaccination status, are required to wear a mask in all indoor spaces. In addition, food & beverage staff members must wear a mask at ALL TIMES, regardless of indoor or outdoor spaces.

Club Management and the respective boards of University Park do not take these decisions lightly and understand they are sensitive topics. Ultimately, we have a responsibility and obligation to

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prioritize the health and well-being of our residents and members. With that responsibility, we feel it is in everyone's best interest, at this time, that we mandate the aforementioned mask policies. All we can do is make an informed decision, a decision that has the residents and members well-being as our primary concern.

As we continue to navigate this unfortunate pandemic, we ask for our residents and members full support and commitment to maintaining a safe and healthy environment at University Park.

Golf Course Maintenance

Monday, August 2nd marked the eighth week of the estimated 10-week mid-9 renovation project. As previously reported, this project includes leveling and expanding select tees, rebuilding of greenside bunkers, and repairing/removing a considerable amount of broken cart paths. Unfortunately, it has become clear that we are not going to make our original timeline. As widely reported, we have faced several roadblocks including supply chain, labor and delivery issues. We have had to source sod from four, yes four different farms due to labor and trucking related issues. As mentioned in our previous update we have received some poor-quality turf from each of the farms, which has resulted in extra time, labor, and product inputs to bring the turf up to quality standards. We have also experienced delays of deliveries for sand, gravel, drainage pipe and parts as well as other miscellaneous items. It is not clear at this time when the project will be fully completed but we are doing our best to mitigate the issues and get completed ASAP.

Human Resources and Staffing

As part of the ongoing Management transition, with former Director of Finance John Fetsick being named General Manager, we are pleased to announce Paul Fay, formerly our Senior Accountant, has been promoted to Controller. In his enhanced role, Paul will oversee all day-to-day accounting operations for the Club with additional fiduciary support for the Community Association.

In addition, Amber Mixon has been hired as a Staff Accountant. Amber joins University Park after several years as a District Accountant for a school district in New Jersey. Amber received her accounting degree from the University of Georgia and recently completed her MBA.

We congratulate Paul on his well-deserved promotion and welcome Amber to the Team.

Food and Beverage

Despite entering the off-season months, the Food & Beverage operation continues to see tremendous participation in á la carte dining and special events.

Special events during the month included the Pastabilities Buffet, a special Taco menu, Shank Night, Three for All buffet nights, Prime Rib nights, Trivia and Bingo! We look forward to continued success in August highlighted by our A Taste of Italy Wine Dinner which is SOLD OUT with a waiting list.

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As we continue to enhance the member dining experience, we will soon be announcing a new online reservation platform, Open Table, for exclusive use by members only. Look for an email announcement with detailed instructions soon!

Golf

Golf, as it has all year, continues to provide excellent results. Tee times continue to be filled and, despite the ongoing renovation of the mid-9, continues to exceed budget and prior years. For context, July included only 18-holes at our disposal and four closed days for Hurricane Elsa and still produced a record month. This reflects the excellent course conditions, member participation (including excellent summer membership sales) and increased (and more expensive!) outside play.

The Pro Shop merchandise continues to exceed prior years also. Foot traffic and a continued effort to provide creative UPCC gear has contributed to these increased sales.

Tennis & Fitness

The 4th of July event was a great success. We had 7 courts of participants with nearly half of them new members that have joined over the past two years. We are looking forward to another great turn out for Labor Day, which in past years have had similar numbers!

Tennis also is looking forward to the return to league play. Captains from both the men's and women's side have been recruiting for their teams. On the men's side we are looking to have two 60s, one 70s, one 75s, and one 80s team. On the women's side we will have one 3.0, 3.5, and for the first time in more than eight years a 4.0 team. This greatly helps with our summer membership conversion and overall attractiveness of the club.

In fitness, Sue is promoting a new monthly Rowing challenge. The challenges are a fun competition designed to help bring new fitness equipment into our members' workout routines. We are also working with the Chelsea reservation developers to implement an online reservation system for our fitness classes. We hope to have it up in running in September.

Membership

As expected, membership sales for the month of July were generally slow. The summer membership program was extremely successful as we officially tied our highest ever membership count for summer golf with 235 total (tying 2019).

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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					
235	16	XX	2021						

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Statements of Operations (as of June 30, 2021):

UNIVERSITY PARK COUNTRY CLUB & RD	NINE MONTHS ENDING JUNE 30, 2021								
SUMMARY STATEMENT OF OPERATIONS	FY2021	FY2021	FY2021	FY2021	FY2021	FY2021	FY2021	FY2021	FY2021
Description	YTD Actual	YTD Budget	YTD Budget	YTD Variance	Budget				
REVENUE:									
MEMBERSHIP DUES	\$ 2,659,380	\$ 2,636,726	\$ 2,654	\$ 22,654	\$ 3,490,674	(a)	2,525,706	67,806	1,721,582
GOLF OPERATIONS	2,860,626	2,147,958	712,668	1,020					5,000
TENNIS & FITNESS CENTRE	55,443	54,423							
RESTAURANT INCOME	1,439,833	1,439,710		123					
OTHER INCOME	-	-	-	-					
TOTAL REVENUE	\$ 7,015,282	\$ 6,278,817	\$ 736,465	\$ 7810,768					
EXPENSES:									
PAYROLL & RELATED:									
GOLF OPERATIONS	\$ 416,428	\$ 417,965	\$ (1,537)	\$ 536,990					
TENNIS & FITNESS CENTRE	162,348	160,214	2,134	208,375					
RESTAURANT	948,557	911,339	37,218	1,181,409					
GOLF COURSE MAINTENANCE	1,093,185	1,094,367	(1,182)	1,426,398					
GENERAL & ADMINISTRATIVE	872,045	815,791	56,254	1,088,773					
TOTAL PAYROLL & RELATED	\$ 3,492,563	\$ 3,399,676	\$ 92,887	\$ 4,441,945					
DIRECT EXPENSES:									
GOLF OPERATIONS	\$ 580,712	\$ 488,434	\$ 92,278	\$ 598,782	(b)		119,681		
TENNIS & FITNESS CENTRE	83,289	91,332	(8,043)						
RESTAURANT CGS	681,172	548,044	133,128	665,791	(c)		425,426		
RESTAURANT OPER EXP	333,348	331,350	1,998						
GOLF COURSE MAINTENANCE	942,823	885,229	57,594	1,186,312					
GENERAL & ADMIN	286,854	246,486	40,368	315,472					
PROPERTY INSURANCE	138,068	148,149	(10,081)	197,532					
SALES OFFICE - OTHER	34	10,620	(10,586)	14,160					
TOTAL DIRECT EXPENSES	\$ 3,046,300	\$ 2,749,644	\$ 296,656	\$ 3,523,156					
OPERATING INCOME/(LOSS)	\$ 476,419	\$ 129,497	\$ 346,922	\$ (154,333)					
INITIATION FEES & OTHER	276,100	155,775	120,325	159,250					
OPERATIONS RECOVERY SURCHARGE (1/1/21-9/30/21)	191,243	240,195	(48,952)	361,710					
SUB-TOTAL	\$ 943,762	\$ 525,467	\$ 418,295	\$ 366,627					
RD GOVERNANCE- REVENUE	2,000			-					
RD GOVERNANCE- DISTRICT MANAGEMENT	(52,500)			(70,000)					
RD GOVERNANCE- LEGAL	(42,524)			(35,000)					
RD GOVERNANCE- OTHER	(80,156)			(112,090)					
	(173,180)	-	-	(217,090)					
SURPLUS FOR OTHER RD NEEDS	\$ 770,582	\$ 525,467	\$ 418,295	\$ 149,537					

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- (a) \$713k increase over Budget due to 9,653 more rounds than budgeted, including 5,350 outside rounds, and pricing.
- (b) \$92k increase over Budget due to merchandise cost of goods sold and credit card fees.
- (c) Continued impact of COVID-19, particularly fewer Banquet events, continues to have a negative impact on COGS. Higher COGS is primarily due to fewer dining events with higher margins (e.g., special events and Sunday brunch).

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

	July			YTD			
	Actual	Budget	Variance	Actual	Budget	Variance	
MEMBERSHIP DUES	\$ 273,259	\$ 284,413	\$ (11,154)	\$ 2,932,664	\$ 2,921,139	\$ 11,525	(a)
GOLF OPERATIONS	187,193	142,121	45,072	3,047,819	2,290,079	757,740	(b)
TENNIS & FITNESS CENTRE	4,095	4,824	(729)	59,538	59,247	291	
RESTAURANT OPERATIONS	117,291	87,133	30,158	1,557,123	1,526,843	30,280	
TOTAL OPERATING REVENUE:	\$ 581,838	\$ 518,491	\$ 63,347	\$ 7,597,144	\$ 6,797,308	\$ 799,836	
INITIATION FEES & OTHER INC	13,859	2,875	10,984	289,960	158,650	131,310	(a)
OPERATIONS RECOVERY SURCHARGE	-	40,405	(40,405)	191,218	280,600	(89,382)	
TOTAL OTHER REVENUE:	\$ 13,859	\$ 43,280	\$ (29,421)	\$ 481,178	\$ 439,250	\$ 41,928	
TOTAL REVENUE:	\$ 595,697	\$ 561,771	\$ 33,926	\$ 8,078,322	\$ 7,236,558	\$ 841,764	

- (a) Reflects new membership sales for the ten months ending July 2021. Membership dues fall slightly below budget for the month of July however, YTD values remain slightly above budget. New memberships (the basis for Initiation Fees) continue to exceed Budget.
- (b) \$758k over Budget YTD due to pricing and substantially more rounds, as outlined below:

Rounds of Golf (as of July 31, 2021):

Member Rounds	2,512	1,870	642	41,209	34,240	6,969
Outside Rounds	2,302	2,650	(348)	35,606	30,604	5,002
	4,814	4,520	294	76,815	64,844	11,971

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Year End Forecast Vs. Budget (as of June 30, 2021):

SUMMARY INCOME STATEMENT	2021	2021	2021 Budget	
FISCAL YEARS ENDING SEPTEMBER 30	Budget	Forecast	vs. 2021 FC	
COUNTRY CLUB OPERATIONS:				
REVENUE:				
MEMBERSHIP DUES	3,490,674	3,513,331	22,657	
GOLF OPERATIONS	2,525,706	3,275,196	749,490	(a)
TENNIS & FITNESS CENTRE	67,806	68,454	648	
RESTAURANT INCOME	1,721,582	1,741,044	19,462	
OTHER INCOME	5,000	27,282	22,282	
TOTAL REVENUE	7,810,768	8,625,307	814,539	
EXPENSES:				
GOLF OPERATIONS	1,135,772	1,261,115	125,343	(b)
TENNIS & FITNESS CENTRE	328,056	324,193	(3,863)	
RESTAURANT	2,272,625	2,521,631	249,006	(c)
GOLF COURSE MAINTENANCE	2,612,710	2,671,136	58,426	
GENERAL & ADMINISTRATIVE	1,615,937	1,693,505	77,568	
TOT EXPENSES	7,965,100	8,471,580	506,480	
OPERATING INCOME/(LOSS)	(154,332)	153,727	308,059	
OPERATIONS RECOVERY SURCHARGE	361,710	191,243	(170,467)	(d)
SURPLUS/(LOSS) FOR OTHER RD NEEDS	207,378	344,970	137,592	
CAPITAL FUNDS:				
INITIATION FEES	159,250	282,258	123,008	(e)
	159,250	282,258	123,008	

(a) \$749k over budget primarily due to an increase in golf rounds, aggressive public pricing and merchandise sales.

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- (b) \$125k over Budget primarily due to merchandise cost of goods and credit card fees, each of which has increased proportionately to increased revenue.
- (c) \$249k over Budget primarily due to the restaurant COGS, which has been negatively impacted by COVID-19 as we have held fewer special events and buffet dining, each of which have higher profit margins/lower costs.
- (d) \$170k under Budget primarily due to the discontinuation of the recovery surcharge at the end of May.
- (e) \$123k over Budget due to strong summer membership sales as well as new annual memberships, largely due to real estate transactions within UP and the associated membership purchase which includes an initiation fee.