

# Strategic and Financial Planning

UPRD Workshop – January 31, 2023

# Agenda

- **Strategic Planning Background**
  - Mission, Vision, Core Values
  - Strength/Weaknesses
  - Strategic KPIs
- **UPCC Performance**
  - Benchmarks vs. Other Clubs
  - Performance vs. 2020 Strategic KPIs
- **5- Year Horizon**
  - Assumptions
  - Projections – Membership Unconstrained/Constrained
  - Decisions to be Made
- **Capital Needs – Current and Future**
  - Sources and Uses
- **Next Steps**
  - Implications and Strategic Issues - 2023

# Strategic Planning Background



## OUR MISSION

Deliver to members and guests ever **evolving lifestyle experiences that are engaging and inclusive** by providing **exemplary service, facilities and amenities.**

## OUR VISION

To be the **preeminent gathering place** for members and guests to meet, socialize and enjoy **lifestyle opportunities that exceed their expectations** in a modern club environment that **enhances our residential community.**

## OUR CORE VALUES

Values that are truly important direct the decisions we make, define our character, and preserve what is special about our Club.

They are:

- Integrity, Trust & Mutual Respect - Acting ethically in the best interests of our members, staff, and community.
- Quality -Striving to be the best that we can be in all that we do.
- **Fiscal Responsibility and Transparency** – Openly communicating our financial position and ensuring that operating budgets and reserves are sufficient to meet the current and future financial needs of the Club.
- Environmental stewardship – Commitment to preserving our natural landscape and considering the environmental impact of our decisions.

# Key *Strategic* Performance Indicators

- Member satisfaction
- Membership growth/Membership retention
- Member/Guest participation
- Staff satisfaction/retention
- Financial strength/accountability
- Long-term Property values

# Strengths and Weaknesses -2020

Top 5 Strengths in Rank Order	Top 5 Weaknesses In Rank Order

# Threats and Opportunities-2020

Top Threats in Rank Order	Top Opportunities In Rank Order
<ul style="list-style-type: none"><li>• Not attracting new members</li><li>• Cost of upgrades to course and facilities</li><li>• Competition from newer communities</li><li>• Aging membership</li><li>• Economy</li><li>• Diminishing interest in golf</li><li>• Residents not understanding the correlation between a great club and home values</li></ul>	<ul style="list-style-type: none"><li>• Identify new sources of capital income</li><li>• Clubhouse renovations</li><li>• Marketing</li><li>• Increase casual dining areas</li><li>• Increase amenities, i.e. pickleball, aquatics, fitness, etc.</li><li>• Increase member participation</li><li>• Increase events</li></ul>

# Key Strategic Issues - 2020

## Key Strategic Issues in Rank Order - Fall 2020

- **Update facilities**
- **Financial health**
- **Membership growth**
- **Strategic planning**
- **Governance and Leadership**
- **Maintaining property values**
- **Member participation/usage**
- **Member retention**
- **Obtaining quality staff members**



# UPCC Performance

Sources:

Club Benchmarking

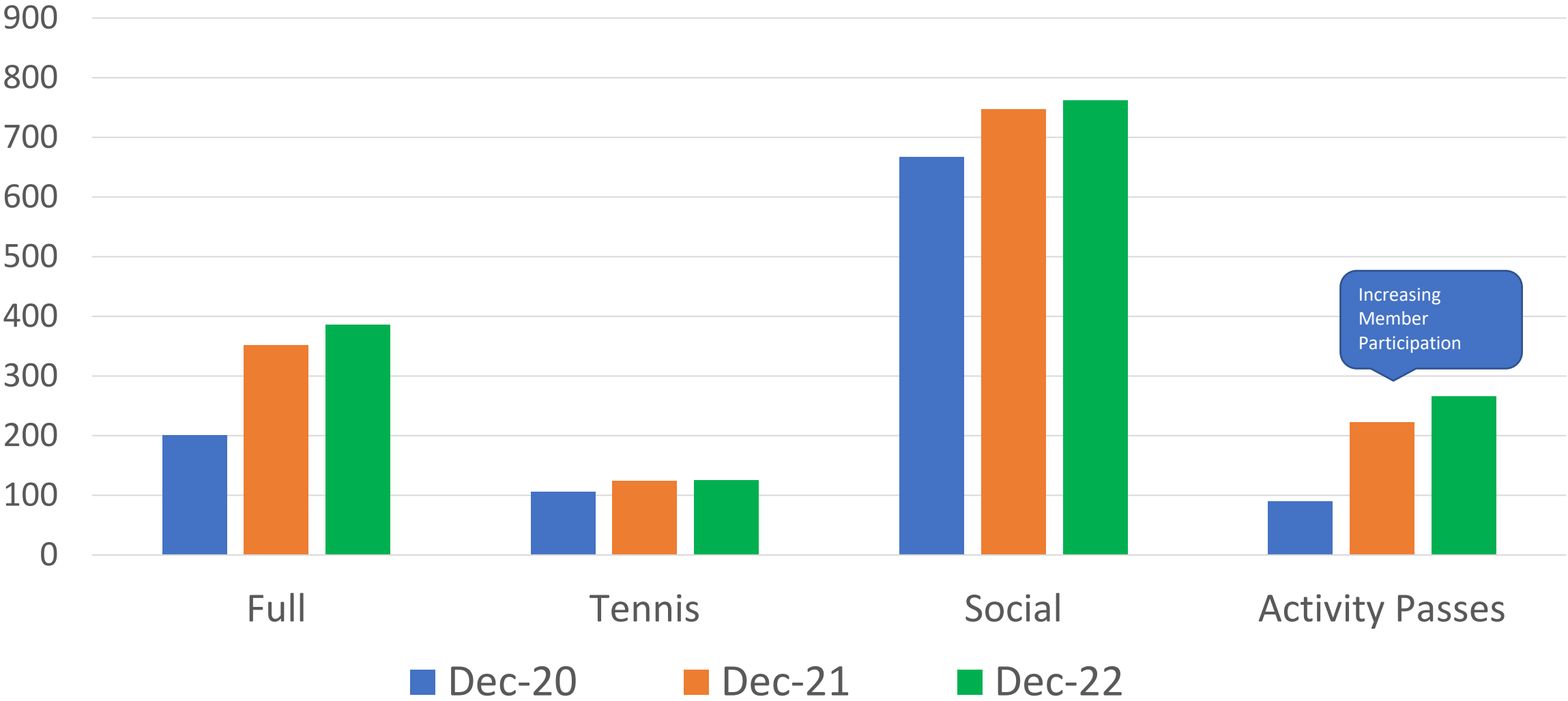
18-27 holes, Southeast US, 68 Clubs, Multi-year Data

Phillips Harvey

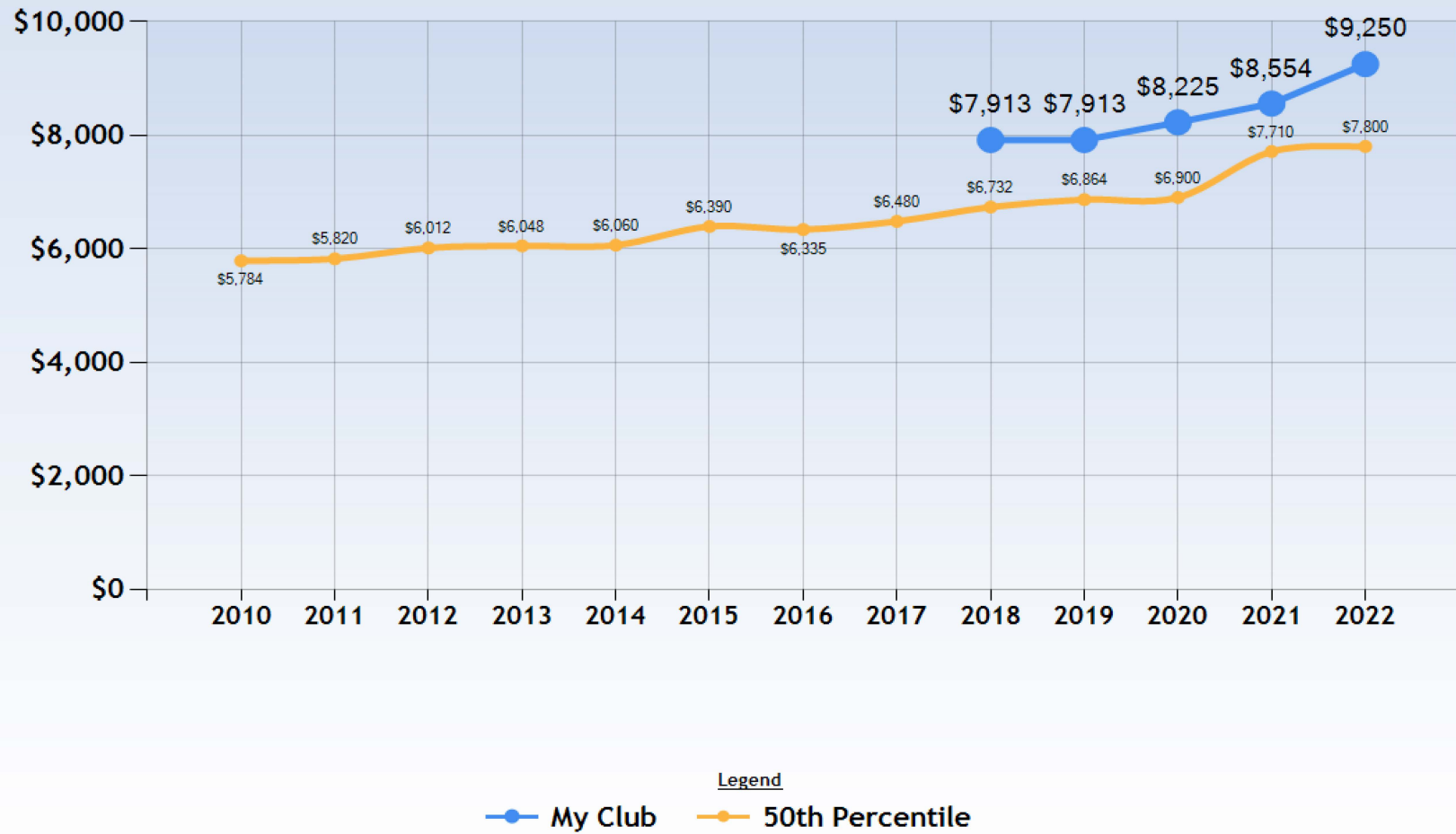
South and Southwest Florida, 61 Clubs Audited

# UPCC MEMBERSHIP GROWTH 2020-2022

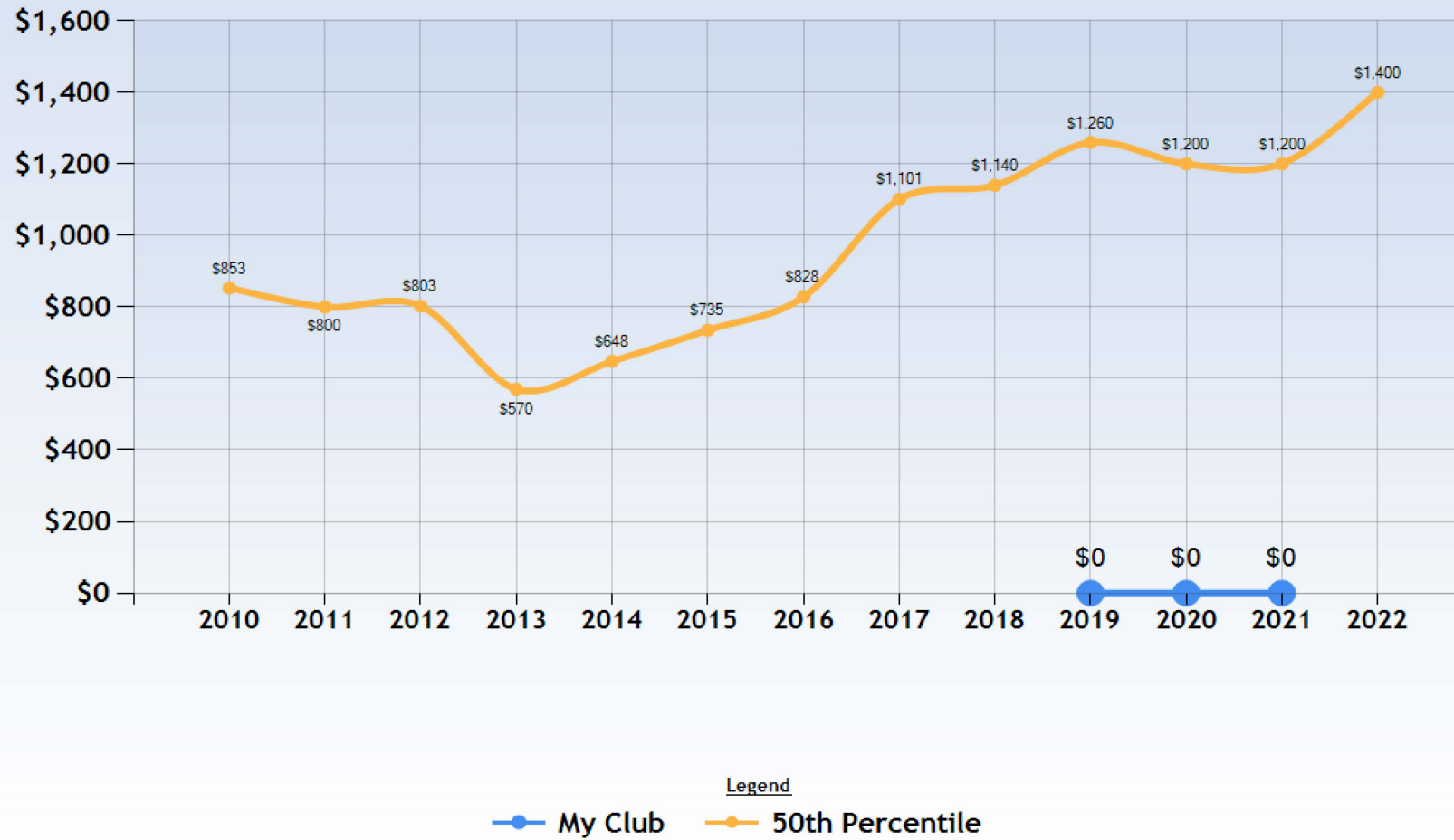
(12/31/22 approximately 2,200 Members )



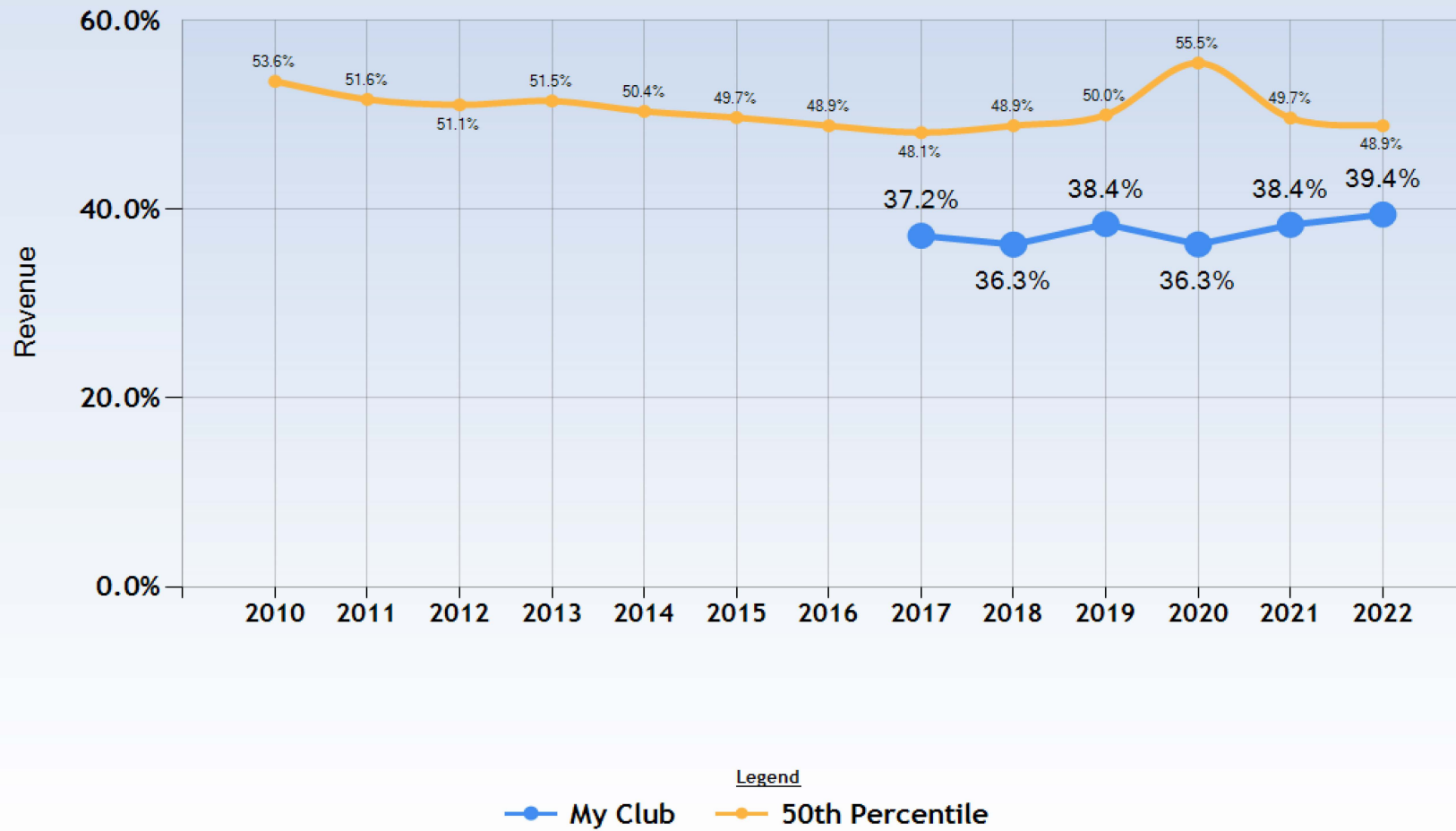
### Annual Dues for Full Family Membership



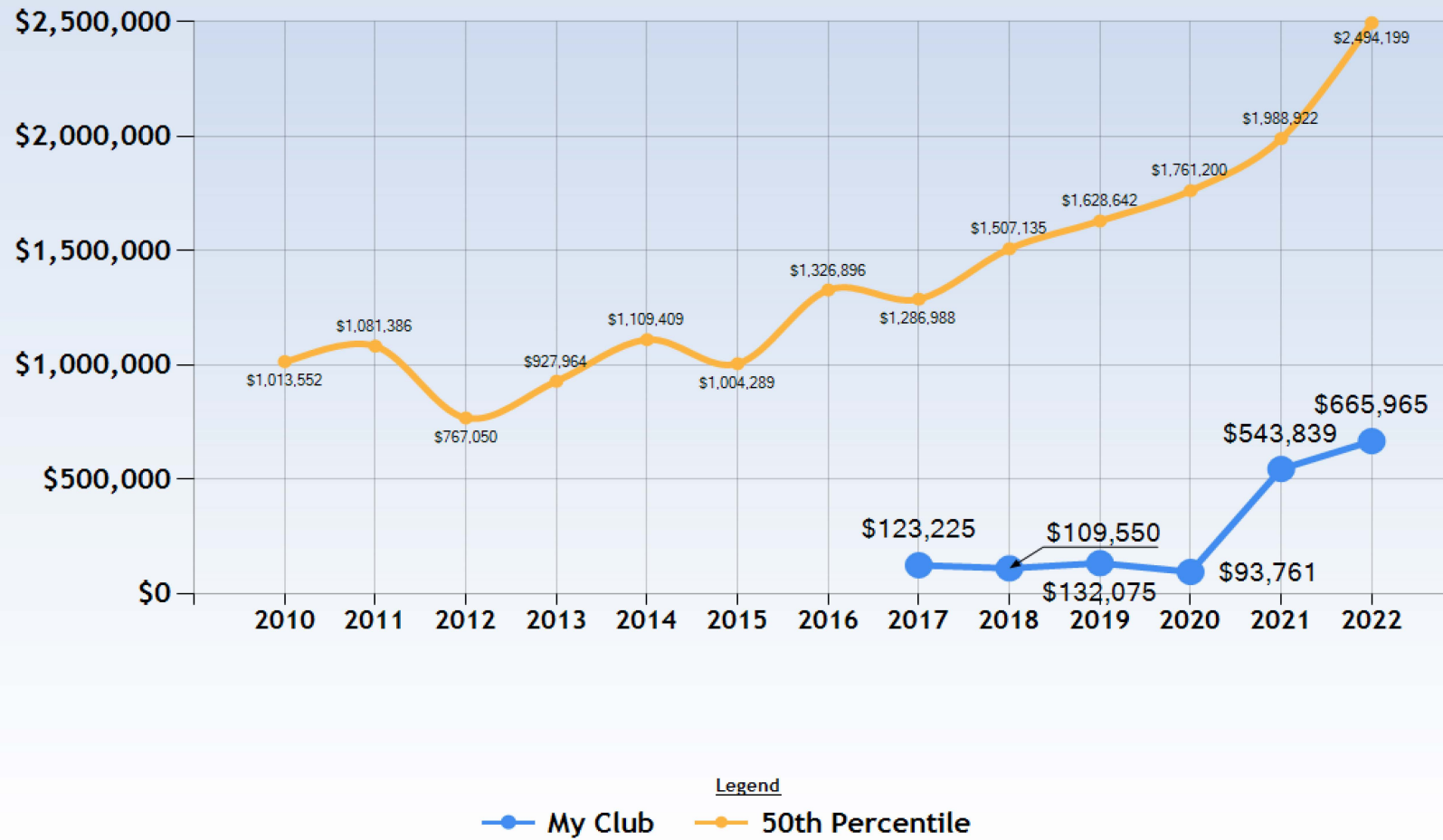
### Annual Capital Dues for Full Family Membership



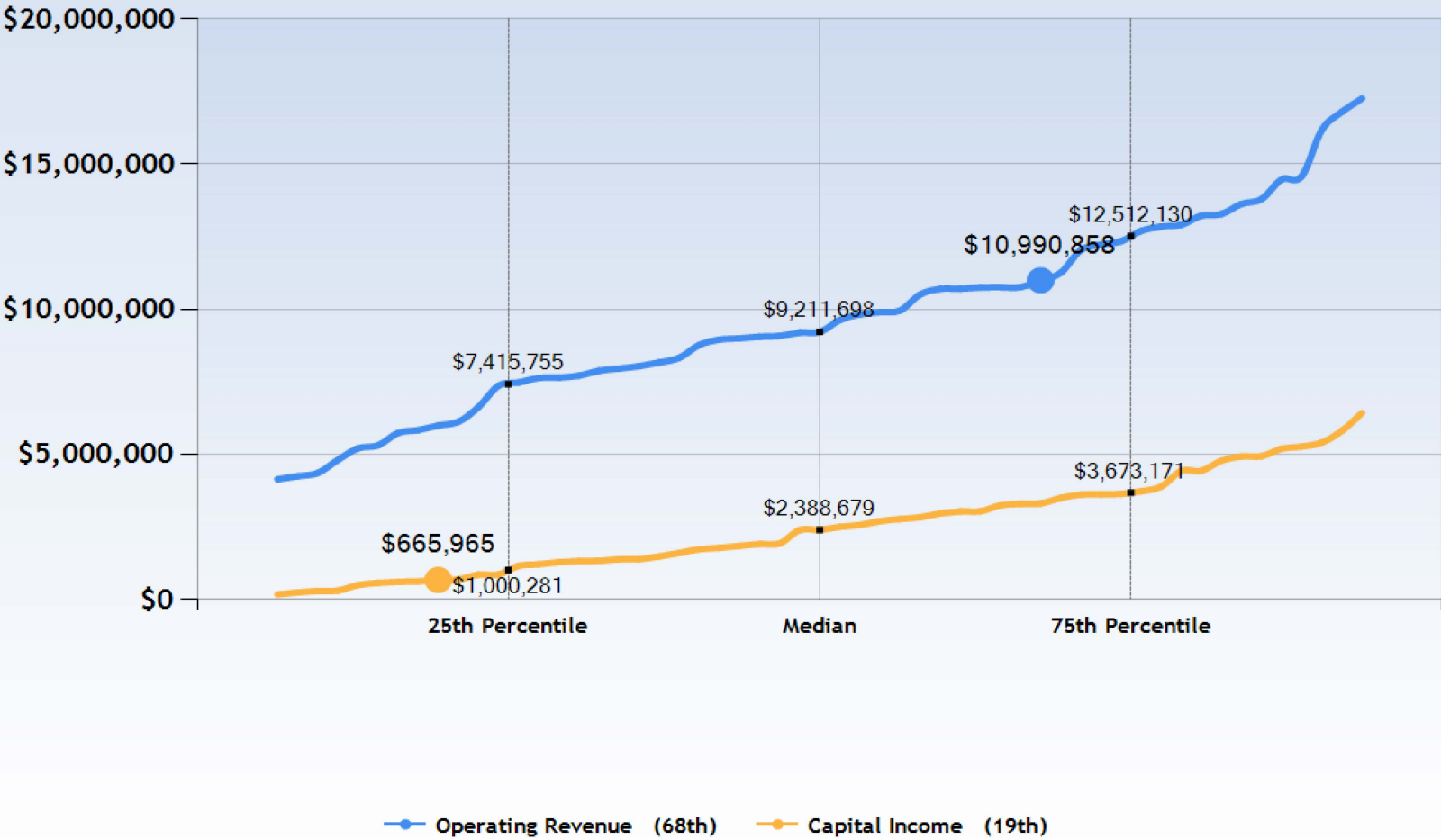
**Dues Ratio**  
**Dues Revenue as a Percentage of Total Operating Revenue**



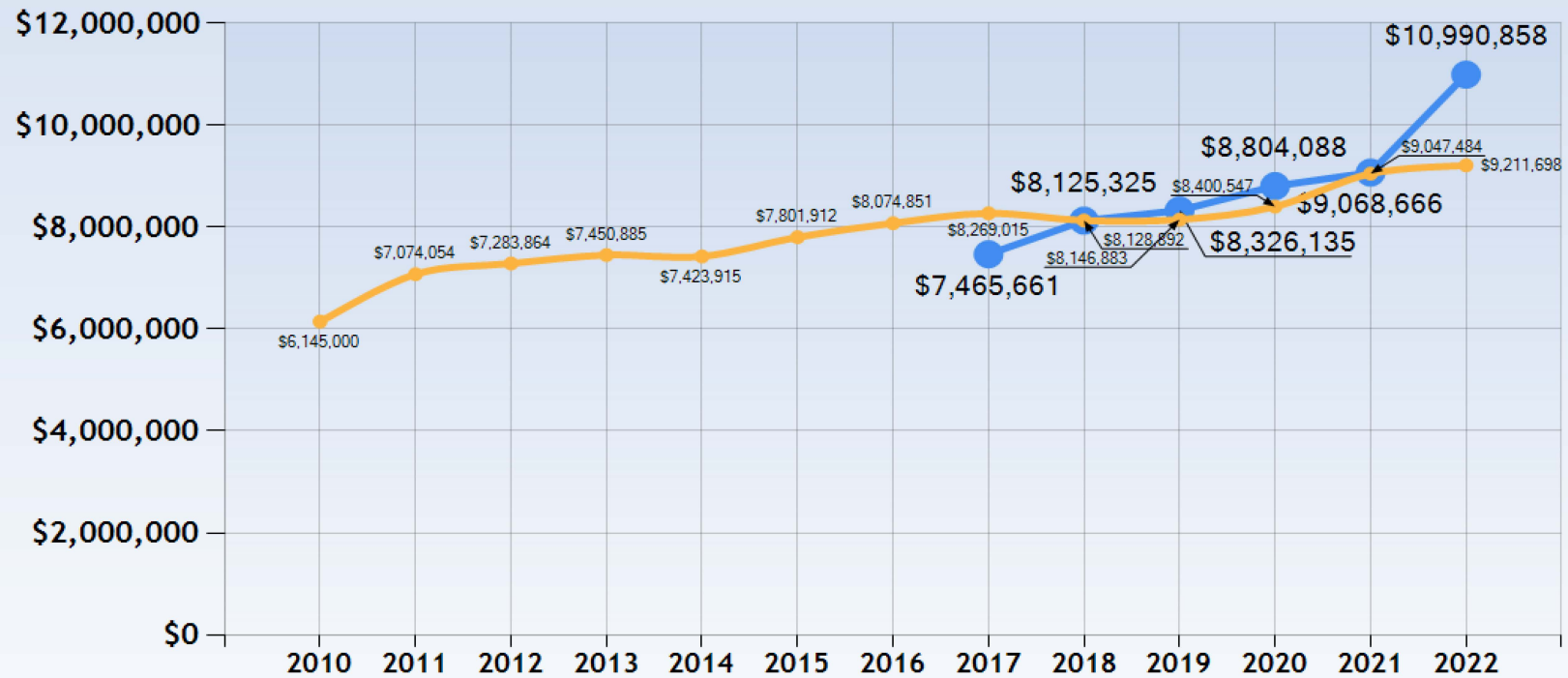
## Total Capital Income



Total Operating Revenue and Total Capital Income



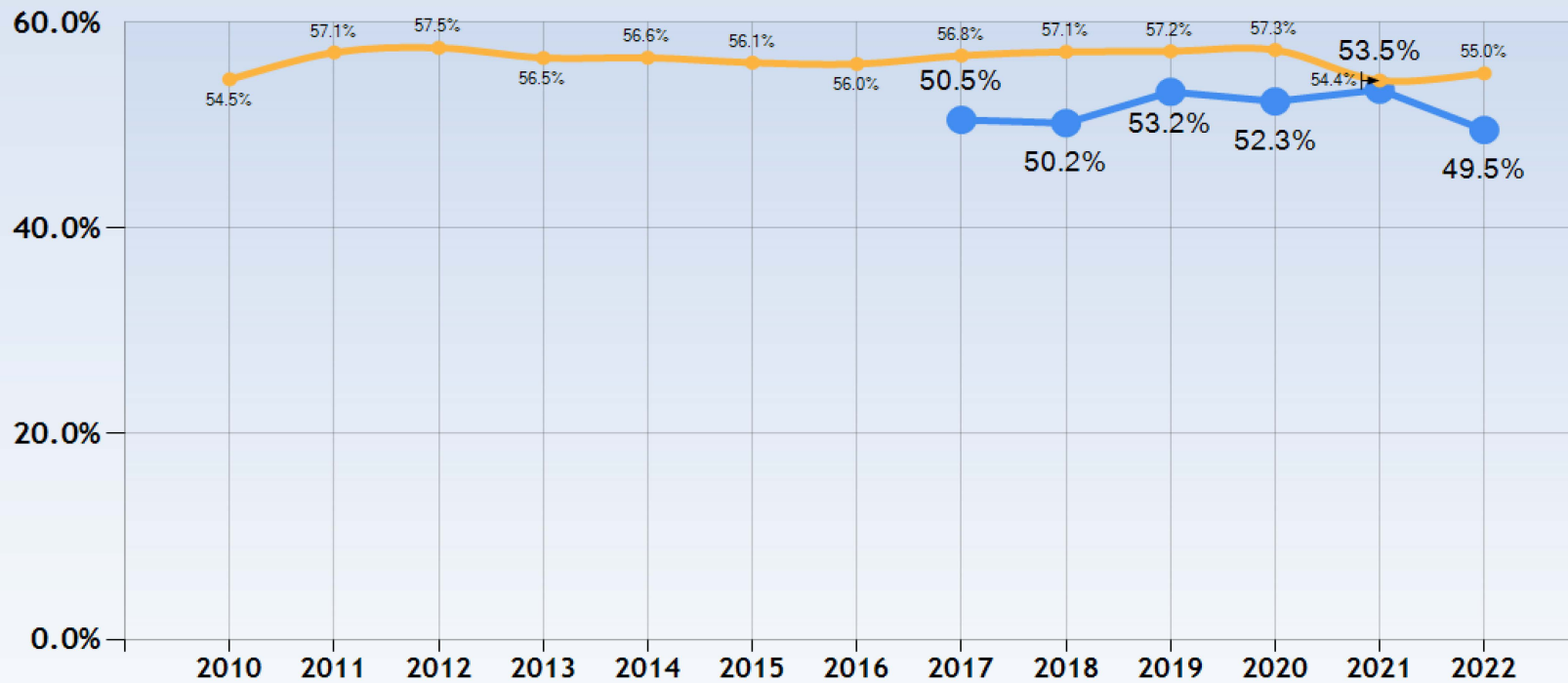
## Total Operating Revenue



**Legend**  
—●— My Club    —●— 50th Percentile



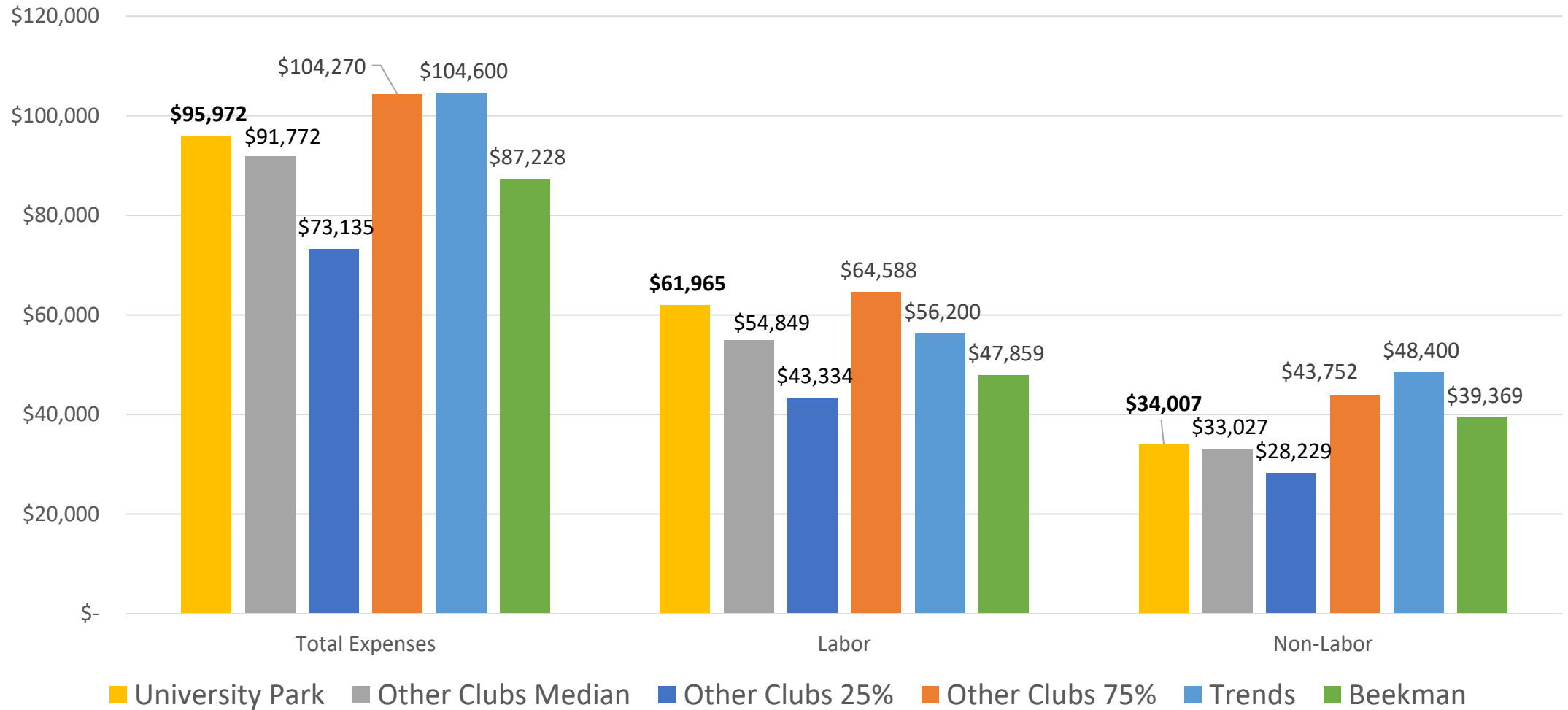
**Payroll Ratio**  
**Total Payroll as a Percentage of Operating Revenue**  
**(includes salary & wages and payroll taxes & benefits)**



**Legend**  
● My Club ● 50th Percentile

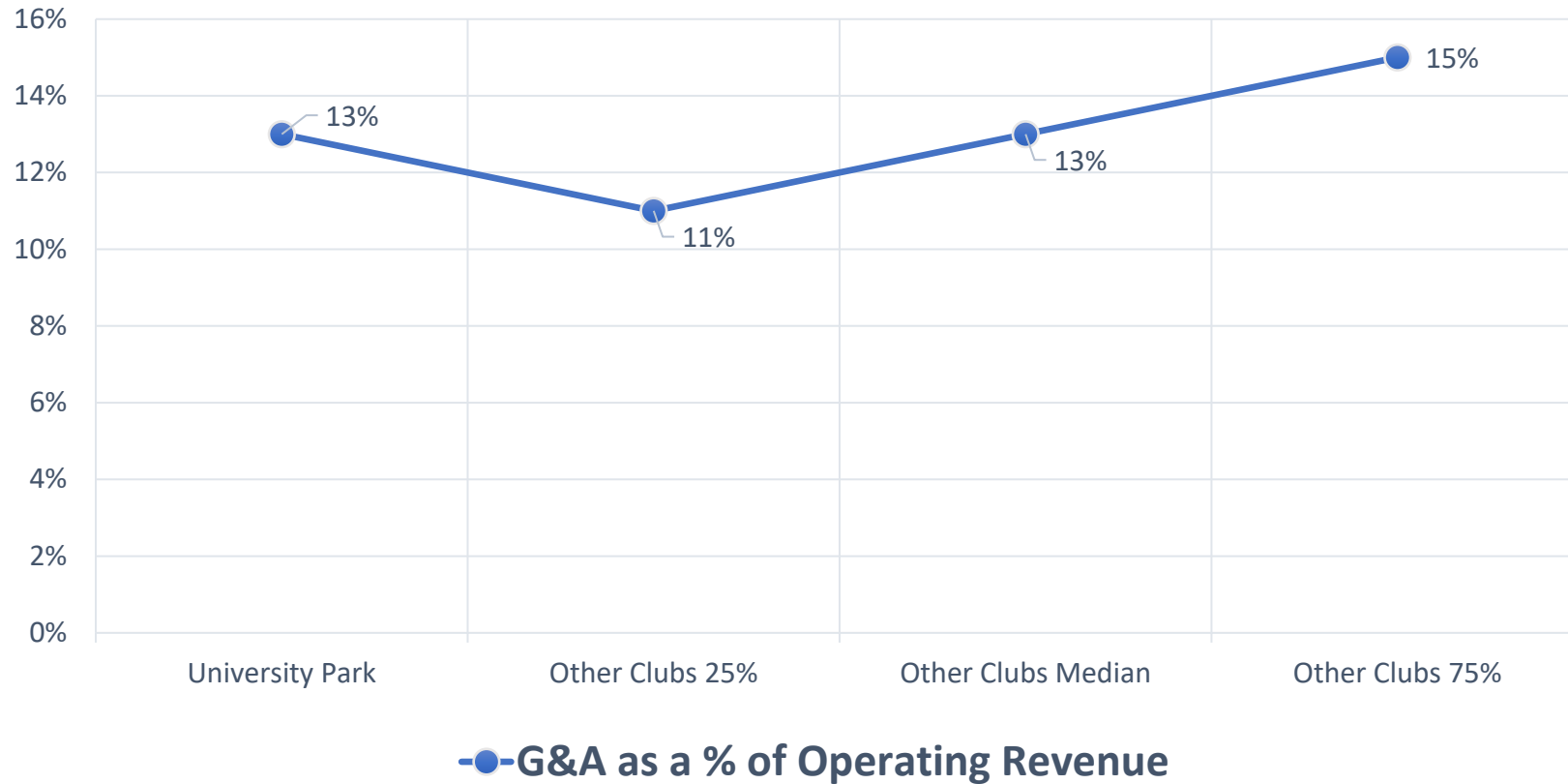
# University Park Country Club

## Golf Course Maintenance per 18-Hole Equivalent

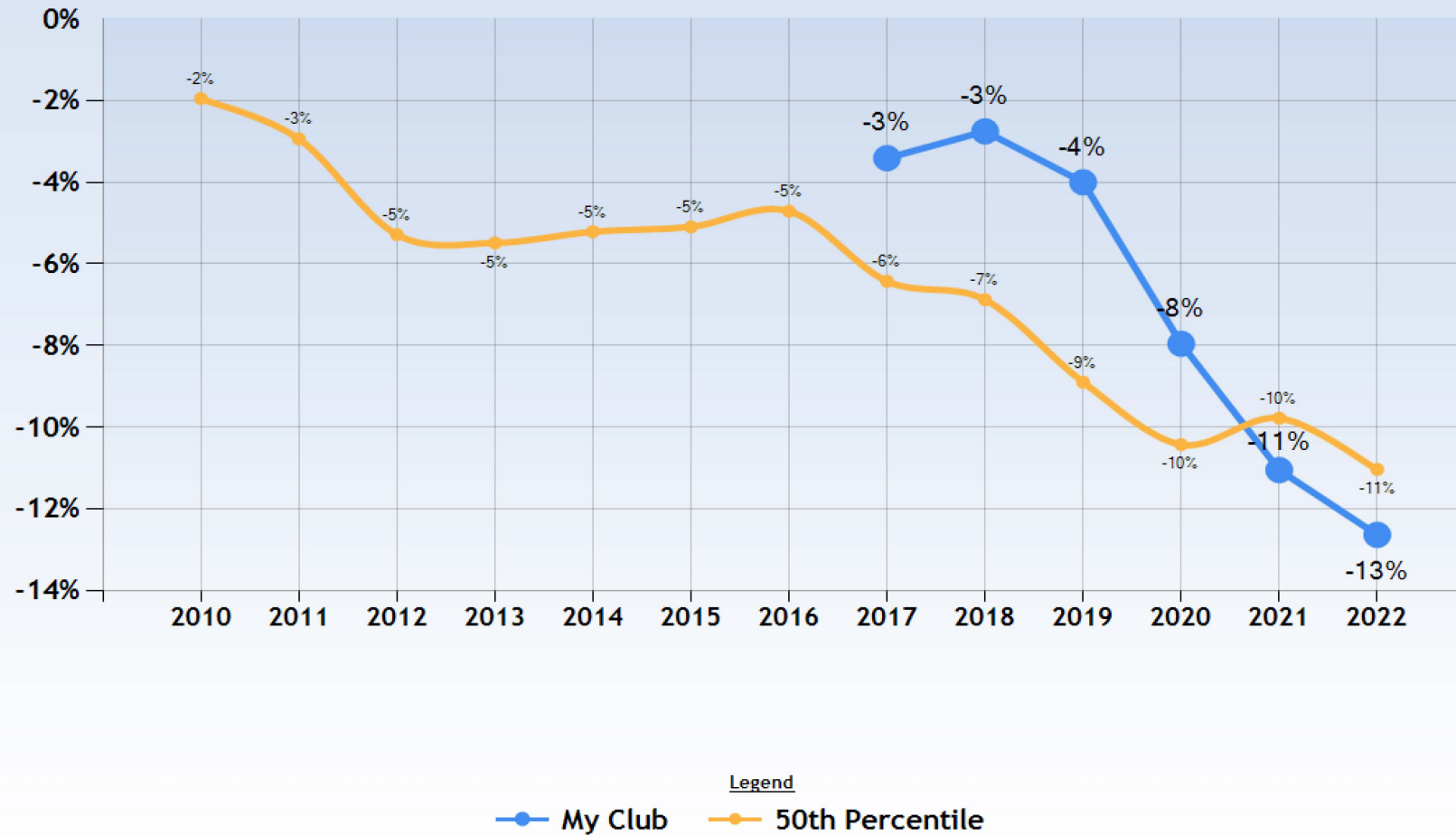


# University Park Country Club

## G&A Expenses per Revenues



### Net Food & Beverage Surplus/Deficit as a Percentage of Gross Profit



# Takeaways from UPCC Benchmarking

## Performance vs. Strategic Initiatives 2020

- Membership has grown
- Operating revenue has grown
- Our annual Capital Income is lower than reference clubs
  - Full Member Initiation Fees Lower than Comparable Clubs
  - We are generating less Capital than other Clubs
- Financial KPIs (Gross Profit/Fixed Expense/Payroll Expense, etc.) all in line with other Clubs
- Golf Course management consistent; G&A consistent
- F&B Subsidy consistent with other clubs; but accelerating
  - Management and F&B Department identified high cost of food (investigating purchasing, labor input, waste, other)

# Five – Year Horizon

# Five Year Pro Forma Assumptions – No Membership Constraint

- Full members increase to 440 by 2027, resulting in:
  - Outside annual rounds decreasing by ~50% by 2027
  - Outside golf revenue decreasing by ~45% by 2027
  - Outside play rounds reduced by 200 for each added full member
- Racquets Members to 149; Social to 862; Total 1451
- Total ~ 2,375 people
- Social membership includes Fitness/Wellness beginning in 2026, with personnel added in 2026 to support change
- Otherwise à la carte 'Pass' System Remains in Place

# Five Year Pro Forma Assumptions – No Membership Constraint, page 2

- Annual Increase Assumptions
  - 4% annual increase in Dues
  - 4% annual increase in payroll
  - 3% increase in other expenses
  - Maintenance, utilities, insurance, prorated per ft.<sup>2</sup> for W/F and Space
- What Is Not Assumed
  - No significant difference in demand for outside golf.
  - No change in required Memberships or F&B Minimum
  - No significant change in restaurant covers
  - No significant change on Social Member Dues (considered low by competitive standards)
  - No significant increase in Initiation fees
  - No significant change in revenue from Summer Memberships



SUMMARY INCOME STATEMENT		Five Year Forecast									
FISCAL YEARS ENDING SEPTEMBER 30		2023		2024		2025		2026		2027	
COUNTRY CLUB OPERATIONS:											
(in thousands)											
REVENUE:											
MEMBERSHIP DUES		4,894		5,443		5,948		6,470		6,830	
GOLF OPERATIONS, NET		3,454		3,028		2,885		2,653		2,609	
TENNIS & FITNESS CENTRE		95		98		101		104		107	
RESTAURANT INCOME		2,390		2,462		2,535		2,611		2,689	
TOTAL REVENUE		10,833		11,031		11,470		11,839		12,236	
EXPENSES:											
GOLF OPERATIONS		1,578		1,653		1,728		1,804		1,847	
TENNIS & FITNESS CENTRE		485		503		521		650		674	
RESTAURANT		3,174		3,285		3,399		3,518		3,641	
GOLF COURSE MAINTENANCE		3,140		3,251		3,366		3,485		3,608	
GENERAL & ADMINISTRATIVE		2,015		2,092		2,171		2,253		2,339	
TOTAL EXPENSES		10,393		10,783		11,185		11,710		12,109	
FUNDING OF UPRD GENERAL FUND		(90)		(100)		(150)		(100)		(100)	
SURPLUS/(LOSS) FOR OTHER RD NEEDS		350		148		135		29		27	
CAPITAL FUNDS:		1,025		1,033		1,033		1,030		1,043	

# Five Year Pro Forma Assumptions

## Membership Constrained

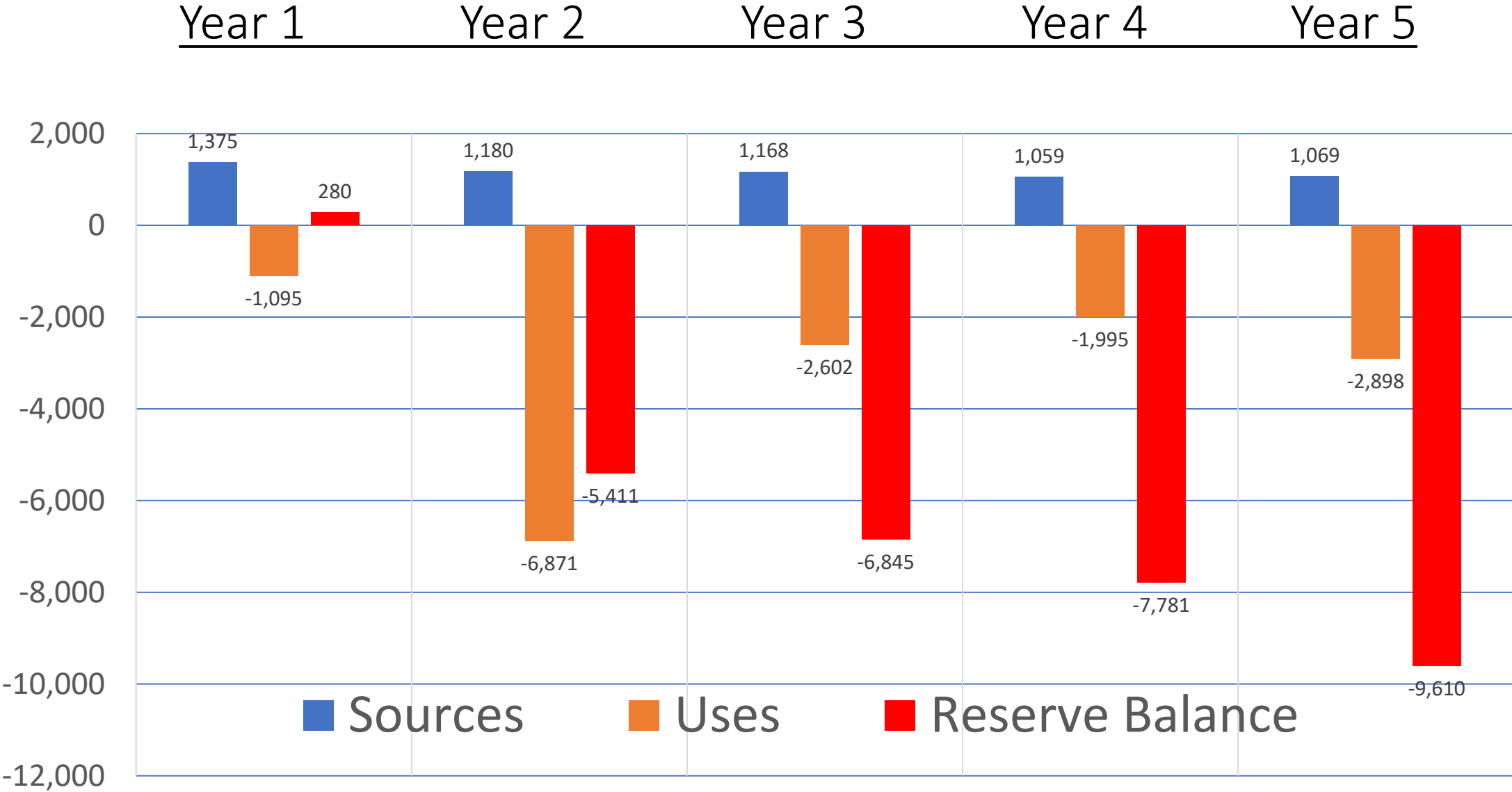
- No significant changes from “membership not constrained forecast”
- All Prior Assumptions
- Membership Caps: Full = 400; Racquets = 135, Social = 817
- 2,300 people
- Does not include Trial Members – 2Q – FY (30 Full)

# Capital Needs and Capital Reserves

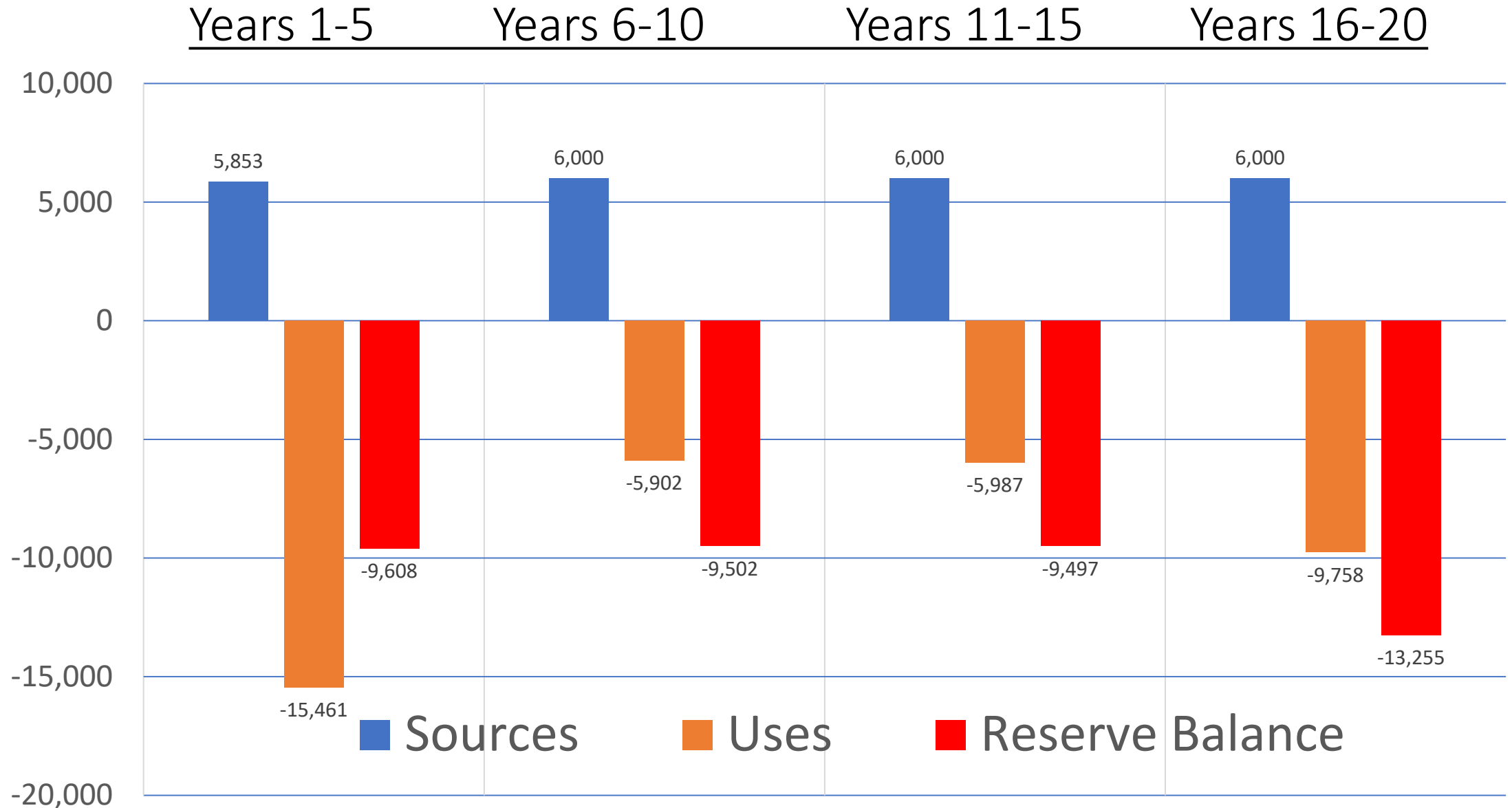
# Capital Reserve Study

- Foundation for capital planning, 20-year horizon
- Contracted with specialists in Golf/Country Clubs
- Historic files and info; two people on-site for a week
- Identified all assets > \$2,500 in value, date installed, useful life
- Includes all golf course components, racquets, fitness/wellness, dining, kitchen, infrastructure
- Curated by Curtis, John, et. al. for UPCC, leases considered
- Projects replacement cost and funds needed by year (inflation considered)

# CAPITAL SOURCES & USES, Years 1 – 5



# CAPITAL SOURCES & USES, Years 1 – 20



# Implications and Strategic Issues - 2023

# Implications/Conclusions

- Club performance has positively advanced key strategic issues from 2020.
- Membership constraints are manageable; it is a member experience decision.
- Current initiation fees, capital dues, and 10% outside play are insufficient to support our EXISTING infrastructure.
- We need an additional \$10 - \$13 million over the next 20 years to support EXISTING infrastructure, before new kitchen, wellness/fitness, activity space, pro shop move, and office needs.



# Strategic Issues –2023

Issue	Decisions/Considerations	Strategic KPI Impacts
Membership	Growth, Caps, Requirements, Capacity	Member Satisfaction, Participation
Financial	Capital Requirements, Operating Performance	Fiscal Responsibility, Satisfaction, Property Values
Facilities	Aging Infrastructure, Amenity Deficiencies, Master Plan	Satisfaction, Participation, Property Values, Staff Satisfaction

# Questions and Comments