



**HERONS GLEN RECREATION DISTRICT
BOARD WORKSHOP BUDGET MEETINGS
June 21-24, 2021, 10 A.M. - 5 P.M., Card Room C and Zoom**

AGENDA

BOARD MEMBERS	PRESENT	OTHERS	PRESENT
Chair Howard Young		GM J.B. Belknap	
Vice Chair Peter Overs		Controller Lynn Garcia	
Treasurer Jayne Schwarz		Finance Committee	
Secretary Mary Ann Polvinen		Board Sec. Karon Bennett	
Asst Sec/Treas Bill Kulkoski		Residents	

- I. CALL TO ORDER – Howard Young
- II. PRESENTATION OF BUDGETS – GM J.B. Belknap & Controller Lynn Garcia

(1) <u>Monday, June 21:</u>	Golf (Pro Shop & Golf Course Maintenance) CLIS Capital	Lunch 12 – 1 (Lounge)
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(2) <u>Tuesday, June 22:</u>	Food and Beverage Administration	Lunch 12 – 1 (Lounge)
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(3) <u>Wednesday, June 23:</u>	Clubhouse Fitness Center Deferred Maintenance	Lunch 12 – 1 (Main Dining Room)
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(4) <u>Thursday, June 24:</u>	Bond Project expenditures for 2022 Review of Budget	Lunch 12 – 1 (Main Dining Room)
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- III. QUESTIONS & DISCUSSION
- IV. ANY OTHER BUSINESS TO COME BEFORE THE BOARD
- V. ADJOURNMENT

Board Meeting on Friday or Monday at 2:00 PM To Be Determined

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

June 21, 2021, Day One-of-Three

10 AM, Card Room C/Zoom

MINUTES

BOARD MEMBERS	PRESENT	OTHERS	PRESENT
Chair Howard Young	X	GM J.B. Belknap	X
Vice Chair Peter Overs	X	Controller Lynn Brew	X
Treasurer Jayne Schwarz	X	Board Sec. Karon Bennett	X
Secretary Mary Ann Polvinen	X		
Asst Sec/Treas William Kulkoski	X	Residents	5

- I. **CALL TO ORDER** – Chair Young opened the meeting at 10:00 AM.
- II. **PLEDGE OF ALLEGIANCE** - Supervisor Schwarz led the Pledge of Allegiance.
- III. **ROLL CALL** – Board Secretary Karon Bennett called roll (attendees are listed above).
- IV. **PRESENTATION OF BUDGETS** – GM J.B. Belknap & Controller Lynn Brew reviewed proposed budget line items:

General Assumptions - 2021-22 Fiscal Budget

- Using pre-COVID months for comparison for the time period of March 2019 - February 2020, particularly for affected departments such as Food & Beverage and Golf.
- Operations & Maintenance Divisor will be 1,300 due to acquisition of the 15 DR Horton property turnover.
- CLIS Divisor will be 1,284 through December and 1,299 starting January with the DR Horton homes expecting to be completed. We still have one vacant lot in the community that has not been built out.
- The Bond assessment on 15 DR Horton lots will now be paid by DR Horton and/or new owners equaling \$20,513.89.
- The mandatory increase in minimum wage went from \$8.65 for regular wages to \$10/hr and from \$5.63 to \$6.98 for tipped wages.
- Performance bonuses will now be wrapped into salary per Compensation Committee recommendation. Salary increases will remain up to 3% depending upon performance.
- Healthcare premiums are estimated to increase 9% over 20-21 actuals.
- The SUTA (Standard Unemployment Tax Act) increased from 3.25% to 5.40%.
- The property & liability insurance estimate shows an increase of 17% over 20-21 actuals and 9% over 20-21 budget.
- Anticipating a 3% inflation factor.

Golf Course Maintenance Assumptions

- There was a 5% increase for refuse from WastePro.
- Payroll and various other expenses cannot be compared with FY21 actuals due to golf course being closed for renovation.
- There was a 20% increase in fertilizer in comparison to FY19.
- There was a 40% increase in seed, sod and sand in comparison to FY19.
- There was a 23% reduction in chemicals in comparison to FY19.
- Due to the renovation, the past year did not require as much fertilizer as the previous year.
- Using less chemicals requires more fertilizer.
- The golf course is getting bigger, the tee space is bigger, the fairways are transitioning, requiring different equipment.

- Prices going up on the leases, contracts will be reviewed for savings.
- The Board agreed to adjust golf schedule so that golf maintenance can close in order to maintain the golf course.

Golf Pro Shop Assumptions

- The golf course is expected to reopen at the end of November 2021.
- Golf Membership dues are up 8% for new members. No increase in dues for current members rejoining. Returning members will get two months of credit for October and November.
- Single memberships are 60% of the couple membership rate.
- Golf memberships max out at 603 members (548 residents and 62 non-residents).
- Daily rounds and non-member greens fees are based on 8% increase for Public, Resident Non-Member & Member Guest play.
- The District will hire a PGA Professional as Head Golf Pro to start the year of the new golf course with an emphasis on increasing pro shop merchandise and membership sales.
- New golf members will be charged a one-time administrative/set up fee of \$1,000 plus ongoing annual membership fees.
- Advertising dollars will be spent for the new golf course, this includes a press release, newspapers, club and resorts advertising.
- The GM and new Head Golf Pro will look at rearranging golf shop layout.
- The golf cart fleet consists of 52, at \$3,800 per month or \$73 per on the per cart, per month.
- The Board requested the optimization of Golf Genius live scoring; the management team will follow up.

CLIS

- Director of GCM/Grounds Supervision as well as part-time GCM Secretary costs allocated at 20%.
- The device that interprets data to allow internet connectivity was put into controller #9 (Tisbury & Dennisport area); it worked instantly. Tucor will provide 13 more devices so that we can connect the controllers to the internet and run the controllers electronically.

There was a one-hour break in the proceedings for lunch.

Capital Reserve

- The capital reserve Includes 3% inflationary factor up from 2%. The Board asked if inflation at 3% for first 5 years as recommended at the recommendation of the Long-Range Planning Committee.
- Future years' replacement costs have been included on bond projects that were originally removed.
- Capital assessment is calculated on 30-year expenses. The Board requested 20 years as that was the Club Benchmarking model.
- Big ticket items from Club Benchmarking were merged into the plan.
- Replacement costs have been updated with new information.
- Increased costing allowance for first 3 years to \$75k.
- A proposal to move \$931,563 previously collected for golf course renovation through quarterly capital assessments from working capital fund to long term capital reserve was discussed. Management needs to make the transfer.
- New owner capital fee to \$3,200.
- Estoppel fee & new account setup fee to \$250.

Bond Project Expenditures

A presentation was given to the Board sharing the Bond projects by J.B. and Lynn. The Board reviewed each line item individually.

- Stultz is obtaining bids on the following projects:
 - Pickleball
 - Pool Deck
 - Bocce Courts/Sports Complex
- The Board agreed to finish the following in FY22:
 - Driving Range Restroom Bundled with the Storage Facility
 - Restaurant and Lobby Renovation
 - CLIS
 - Multi Use Cart Path
 - Work on Roof/Clubhouse infrastructure
 - Ballroom Updates

- V. **QUESTIONS & DISCUSSION** – No questions were asked by the public.
- VI. **ANY OTHER BUSINESS TO COME BEFORE THE BOARD** - Discussion took place concerning the upgrade of the server for approximately \$13k. Lynn will follow up on pricing.
- VII. **ADJOURNMENT** – At 3:52 PM the meeting was adjourned until the following day, June 22, 2021 at 10 AM.

8/19/2021
Date

SUBMITTED BY:

Karon Bennett
Karon Bennett, Executive Assistant to the GM & Board

8/19/2021
Date

APPROVED BY HGRD BOARD:

Peter Overs
Peter Overs, HGRD Board Vice Chair

ATTENDANCE RECORD

Meeting Type: Budget workshop

Date: 6/21/2021 Time: 10am - 5pm

PLEASE PRINT YOUR NAME BELOW

1	<i>Gerry O'Connell</i>
2	<i>Karen Jussup</i>
3	<i>Chels St Judy Simling</i>
4	<i>Rick Schaff</i>
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HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

June 22, 2021, Day Two-of-Three

10 AM, Card Room C/Zoom

MINUTES

BOARD MEMBERS	PRESENT	OTHERS	PRESENT
Chair Howard Young	X	GM J.B. Belknap	X
Vice Chair Peter Overs	X	Controller Lynn Brew	X
Treasurer Jayne Schwarz	X	Board Sec. Karon Bennett	X
Secretary Mary Ann Polvinen	X		
Asst Sec/Treas William Kulkoski	X	Residents	3

- I. **CALL TO ORDER** – Chair Young opened the meeting at 10:00 AM onsite and on Zoom.
- II. **ROLL CALL** – Board Secretary Karon Bennett called roll (attendees are listed above)
- III. **PRESENTATION OF BUDGETS** – GM J.B. Belknap & Controller Lynn Garcia reviewed proposed budget line items and the Supervisors discussed the following:

Restaurant Assumptions

- Restaurant hours will go back to normal operating at 100% capacity.
- Outside sales are only being budgeted for events that are actually booked at the time of the budget preparation.
- There was a 5% increase in revenue based on pre-COVID actuals (Mar19-Feb20)
- Food cost is 43%. The average beverage cost is 26%.
- The Food & Beverage Manager and Executive Chef position will remain combined.
- The Board agreed not to eliminate F&B positions, this will include the return of 8 Seasonal H-2B employees.
- There is an increase in linen costs to cover aging tables.
- Food & Beverage Manager Jason Miller led a brief discussion about the service on the pool deck and opportunities for improvement.
- A suggestion was made by a resident to hire a sales person to promote Herons Glen servicing weddings, funerals and other large events. The Board agreed to consider all details of this opportunity.

Administration

- Sub-HOA Associations' accounting fees will increase by 3%.
- Entertainment in the Concert Series is the same as the series from 2019-2020 season. Individual tickets will be sold at the same price. The performances are as follows:
 - Saturday, January 8, 2022
 - Saturday, January 22, 2022
 - Friday, February 11, 2022
 - Saturday, February 26, 2022
 - Saturday, March 5, 2022
- Due to the high demand for notary services in the HGRD office and the time required, starting October 1st there will be a \$10 charge for notary services.
- The Board agreed to pursue with the HOA the opportunity to livestream meetings, with recommended costs paid for by the HOA and \$5k+ for equipment be paid for by the HGRD – this will be capital for FY21.
- The Board discussed the presentation of the 401k program to employees.
- Performance merit increase pool will be 3%.

- The Board allocated \$50k in payroll to be distributed based on J.B.'s discretion. An additional \$10k will be held in Admin for the Board to allocate for payroll.
- Computer support with IT Advantage increases 5% Northstar system up 3.3%.
- Added ADA compliance for the new HGRD website supported by Northstar.
- Timekeeping software increased.

Capital Reserve – Second Portion (Continued from June 21, 2021.) Additional discussion ensued concerning Long-term Capital reserves and raising collections in anticipation of the reserve studies, or other unknown factors. Increasing costing allowance as previously discussed.

Bond Project Expenditures for 2022 – A portion of the Ballroom renovation project was added to the Bond budget for next year in order to evaluate the update of the service bar.

Lot Irrigation Agreement – Declaration of Covenants will be postponed until June 23, 2021.

IV. **QUESTIONS & DISCUSSION** – There were no questions or further discussion.

V. **ADJOURNMENT** – Chair Young adjourned the meeting at 4PM until the following day, June 23, 2021 at 10AM.

10/11/2021

Date

SUBMITTED BY:

Karon Bennett

Karon Bennett, Executive Assistant to the GM & Board

10/11/2021

Date

APPROVED BY HGRD BOARD:

Peter Overs

Peter Overs, HGRD Board Vice Chair

ATTENDANCE RECORD

Meeting Type: Budget workshop

Date: 6/22/2021 Time: 10 Am - 5pm

PLEASE PRINT YOUR NAME BELOW

1	<i>Karen Jessup</i>
2	<i>Mary Koenig</i>
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HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

June 23, 2021, Day Three-of-Three

10 AM, Card Room C/Zoom

MINUTES

BOARD MEMBERS	PRESENT	OTHERS	PRESENT
Chair Howard Young	X	GM J.B. Belknap	X
Vice Chair Peter Overs	X	Controller Lynn Brew	X
Treasurer Jayne Schwarz	X	Board Sec. Karon Bennett	X
Secretary Mary Ann Polvinen	X		
Asst Sec/Treas William Kulkoski	X	Residents	4

- I. **CALL TO ORDER** – Chair Young opened the meeting at 10:00 AM onsite and on Zoom.
- II. **ROLL CALL** – Board Secretary Karon Bennett called roll (attendees are listed above).
- III. **PRESENTATION OF BUDGETS** – GM J.B. Belknap & Controller Lynn Garcia reviewed proposed budget line items and the Supervisors discussed the following:

Clubhouse Maintenance

- Deferred maintenance of the tennis courts has been outsourced to Welch's Tennis Courts Har-Tru and scheduled every 3rd year. The maintenance will be done in-house the other years.
- An aerator will be installed on Mystic Way property at the expense of the District.
- Budgeting for a \$12,000 contingency for maintenance which would be required on potential completion of bond projects during FY22.
- Discussion took place concerning the rise in costs for items such as chlorine, sanitation and cleaning supplies due to the effects of Covid.
- There has been a significant savings on electricity due to the addition of LED lighting.
- Effluent Water and Allocation of 10% for CLIS. Remainder to be used on golf course and charged to Clubhouse.

Fitness Center

- Potential room rental room to provide an in-house physical therapist. J.B. will meet with a couple therapists who accept insurance; this decision will be made in the Fall.
- A discussion followed concerning fitness equipment maintenance, a multi-year equipment replacement schedule, the leased equipment and service contracts.

There was a short break in the proceedings for a one-hour lunch.

Deferred Maintenance

- Maintenance for items to be replaced using bond funds have been temporarily removed from the budget until it is determined when maintenance will begin again.
- The budget includes a 3% inflationary factor up from 2% at the recommendation of the Long-Range Planning Committee.

IV. ANY OTHER BUSINESS TO COME BEFORE THE BOARD

- The Board was asked to review the policy of charging maintenance tennis association fees for their special use privileges. The Board agreed that the contract in place remains valid. Recommended that the Finance Committee and the Facilities and Amenities Committee review.

- A discussion ensued concerning golf dues; this included annual dues and the one time, per person proration of golf dues for renters.
- Supervisor Kulkoski will review the common lot irrigation agreement as it relates to the Declaration of Covenants - Article 1. The subject will be discussed at the next Board Meeting.
- J.B. will question District Counsel Tom Hart about adjusting the dates for the August 2022 budget workshops. The Board proposed August 1st, 2nd, 3rd with a follow up Board meeting on Thursday, August 4th.
- A resident made the suggestion to reduce the expense of the court reservation system by dropping the option to make bocce and pickleball reservations from the system since they are not using the feature. Tennis would remain untouched. This will be sent to the Finance Committee to research this opportunity.
- The Board discussed landscaping, maintenance and the marquee at the Mystic property. Waldrop Engineering will provide ideas for landscaping behind the Mystic property.

V. **REVIEW OF THE BUDGET** - The Board reviewed all the corrections or changes that were decided during the three days of reviewing the budget. Chair Young confirmed that all Supervisor goals for the Budget Workshops had been completed.

- ✓ General Manager compensation
- ✓ Establish that all performance reviews are to be made during late August thru September and performance amounts accrued in September for payment in October.
- ✓ Establish performance funding pool at 3%. Wrap bonus' into base salary
- ✓ Fund base salary increases effective 10/1 with the beginning of the fiscal year
- ✓ Provide adequate funding to address concerns regarding operation of the restaurant.
- ✓ Start a discussion as to the mission of our food and beverage facility.
- ✓ Confidence of management that the staffing is "right sized".
- ✓ Provide funding for a joint agreement with the HOA to purchase and operate the necessary equipment to operate the second dedicated community TV channel provided by the new Blue Stream contract.
- ✓ Employees all achieve minimum of salary range within 2-year cycle.
- ✓ Ensure budget consideration that employees have tools and training to do their job. Optional training for all available as funding allows.
- ✓ Determine amount available to return to renewing golf memberships
- ✓ Update reserves to include several items identified in CB reserve study and identified the \$931k to transfer into the Long-Term Capital Reserve.
- ✓ Agreement that these are the FY22 bond plan projects and priorities. Balance of \$2M remains for FY2023.
- ✓ Implement Capital needs into LRP, Financial Plans and Budget Plans
- ✓ Long Range Plan update will be completed at next LRP meeting
- ✓ Set a new transfer of home ownership fee for the upcoming year to \$3,200
- ✓ The CPI is projected to rise about 3% this year

VI. **QUESTIONS & DISCUSSION** – There were no questions or further discussion.

VII. **ADJOURNMENT** took place at 3:20 PM.

8/19/2021

Date

SUBMITTED BY:

Karon Bennett

Karon Bennett, Executive Assistant to the GM & Board

8/19/21

Date

APPROVED BY HGRD BOARD:

Peter Overs

Peter Overs, HGRD Board Vice Chair

ATTENDANCE RECORD

Meeting Type: Budget Workshop

Date: 6/23/2021 Time: 10am - 5pm

PLEASE PRINT YOUR NAME BELOW

1	<i>Karen Jessop</i>
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**All Projects Were
Completed
by Day Three,
Day Four was Canceled.**

HERONS GLEN RECREATION DISTRICT

FY2021-22 CONSOLIDATED BUDGET SUMMARY

	<u>REVENUES</u>			<u>EXPENDITURES</u>		
	<u>Fwd/Rsv TO FY22</u>	<u>Assessment Revenue</u>	<u>Other Revenue</u>	<u>Appropriated Expenditures</u>	<u>Other Adjustments</u>	<u>Fwd/Rsv TO FY23</u>
Operations						
Administration		\$ 802,357	\$ 138,214	\$ 940,571		
Food & Beverage		\$ 410,176	\$ 1,120,425	\$ 1,530,601		
Clubhouse		\$ 790,812	\$ 11,200	\$ 802,012		
Fitness		\$ 68,526	\$ 1,800	\$ 70,326		
CLIS		\$ 229,164	\$ 196,538	\$ 425,702		
Pro Shop		\$ -	\$ 1,953,723	\$ 547,809		
Golf Maintenance		\$ -	\$ -	\$ 1,405,914		
<i>subtotal</i>		\$ 2,301,035	\$ 3,421,900	\$ 5,722,935		
Deferred Maint Acct	\$ 135,008	\$ 332,800		\$ 249,827		\$ 217,981
Capital Acct						
Working Capital	\$ 528,819	\$ 364,000		\$ 308,274		\$ 584,545
Long Term Cap Reserves	\$ 1,900,522	\$ -				\$ 1,900,522
Golf Course Improvements	\$ 425,825			\$ 425,825		\$ -
Uninsured Losses Reserves	\$ 350,420	\$ -				\$ 350,420
Series 2020 Bond Construction & Acquisition Fund	\$ 5,051,809			\$ 3,051,809		\$ 2,000,000
<i>total</i>	\$ 8,392,402	\$ 2,997,835	\$ 3,421,900	\$ 9,758,670	\$ -	\$ 5,053,468
Total Available		\$ 14,812,137		\$ 14,812,137		

HERONS GLEN RECREATION DISTRICT 2021-2022 OPERATING BUDGET

DEPARTMENTS (1285 lots FY20, FY21 & 1300 lots FY22)	2019-20		2020-21		2021-22	+/- over	% Δ
	BUDGET	ACTUALS	BUDGET	YR END PROJ	BUDGET	20-21 budget	
Administration	(\$733,317)	(\$723,693)	(\$801,325)	(\$707,217)	(\$802,357)	\$1,031	0.1%
Restaurant	(\$322,769)	(\$396,659)	(\$379,785)	(\$479,469)	(\$410,176)	\$30,390	8.0%
Clubhouse	(\$709,684)	(\$691,295)	(\$745,984)	(\$710,071)	(\$790,812)	\$44,828	6.0%
Fitness Center	(\$42,454)	(\$44,419)	(\$61,349)	(\$56,936)	(\$68,526)	\$7,177	11.7%
TOTAL (1300 lots assessed FY22):	(\$1,808,223)	(\$1,856,066)	(\$1,988,444)	(\$1,953,694)	(\$2,071,871)	\$83,427	4.2%
CLIS (1284 lots assessed Oct-Dec 2021) (1299 lots assessed Jan-Sep 2022)	(\$223,872)	(\$182,932)	(\$198,458)	(\$185,393)	(\$229,164)	\$30,706	15.5%
CAPITAL AND DEFERRED MAINTENANCE							
Capital (1285 lots FY20, FY21 & 1300 lots FY22)			(\$348,235)	(\$348,235)	(\$364,000)	\$15,765	4.5%
Deferred Maint. (1285 lots FY20, FY21 & 1300 lots FY22)			(\$344,380)	(\$344,380)	(\$332,800)	(\$11,580)	-3.4%
TOTAL ANNUAL ASSESSMENT			(\$2,879,517)		(\$2,997,835)	\$118,318	4.1% ***
GOLF OPERATIONS							
Pro Shop	\$1,365,642	\$1,430,943	\$1,262,135	\$1,088,051	\$1,405,913	\$143,777	11.4%
Golf Course Maint	(\$1,365,642)	(\$1,233,235)	(\$1,262,136)	(\$1,193,644)	(\$1,405,914)	\$143,778	11.4%
NET GOLF OPERATIONS:	\$0		(\$1)		(\$1)	(\$1)	

	2020-21	2021-22	2021-22	
	Quarterly	Quarterly	Annual	% Δ
O&M (1300 lots FY22)	\$386.86	\$398.00	\$1,592.00	2.9%
Irrigation (1284 lots thru Dec21 1299 lots Jan-Sep22)	\$38.64	\$44.00	\$176.00	13.9%
Capital Replacement Reserve (1300 lots FY22)*	\$67.86	\$70.00	\$280.00	3.1%
Deferred Maint Reserve (1300 lots FY22)**	\$67.14	\$64.00	\$256.00	-4.7%
Total O&M Assessment per lot (1300 lots FY22):	\$560.50	\$576.00	\$2,304.00	2.8% ***

GOLF & TENNIS ASSOC. FEES		
2020-21	2021-22	
Golf Members	Golf Members	% Δ
\$4,171	\$4,505	8.0%
\$2,503	\$2,703	8.0%
2020-21	2021-22	
Tennis Assoc	Tennis Assoc	
\$10,000	\$10,000	

* Capital Replacement amounts were calculated based on a 20-yr average of annual needs according to the Long Range Plan

** Deferred Maint Reserve amounts were calculated on the 10-yr average of annual needs according to the Long Range Plan

*** 4.1% increase in total annual assessment vs 2.8% increase in individual annual assessment is due to the divisor increasing from 1285 in FY21 to 1300 for FY22

Debt service (bond payments) are an amount of \$1,424.58 per year, which will appear on your Lee County Property Tax bill.