



**HERONS GLEN RECREATION DISTRICT BOARD WORKSHOP BUDGET MEETINGS
June 12-15, 2023, 9:30 A.M. – 3:30 P.M., Card Room C, and Zoom**

Zoom Details: <https://us02web.zoom.us/j/9687107160>

Meeting ID: 968 710 7160 – Passcode: HgrdMeet1

AGENDA

BOARD MEMBERS	PRESENT	FINANCE COMMITTEE	PRESENT
Chair Howard Young		David Brendsel	
Vice-Chair Peter Overs		Jeffrey Buxton	
Treasurer Jayne Schwarz		Paul Chipman	
Secretary Bill Kulkoski		Rita Lehman	
Assistant Sec/Treas Karen Mars		Arthur Lippens	
OTHERS		Larry Pedersen	
GM J.B. Belknap		Dennis Popp	
Controller Lynn Brew		Richard Kline - Alternate	
District Counsel Tom Hart			
Assistant GM Karon Bennett		RESIDENTS	

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

(1) <u>Monday, June 12:</u>	Clubhouse Maintenance Fitness Center Administration	Break 12:00 p.m. – 1:00 p.m.
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(2) <u>Tuesday, June 13:</u>	Golf Course Maintenance Golf Pro Shop CLIS	Break 12:00 p.m. – 1:00 p.m.
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(3) <u>Wednesday, June 14:</u>	Food and Beverage Capital & Deferred Maintenance	Break 12:00 p.m. – 1:00 p.m.
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(4) <u>Thursday, June 15:</u>	Review of Budget	Break 12:00 p.m. – 1:00 p.m.
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- III. QUESTIONS & DISCUSSION
- IV. ANY OTHER BUSINESS TO COME BEFORE THE BOARD
- V. ADJOURNMENT

Board Meeting to follow on Friday, June 16th at 9:00 A.M.

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

June 12, 2023, Day One-of-Four - 9:30 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	Asst GM Karon Bennett	X
Secretary William Kulkoski	X	David Brendsel	X
Asst Sec/Treas Karen Mars	X	Paul Chipman	X
		Richard Kline	X
Residents	8	Rita Lehman	X

- I. **CALL TO ORDER** – Chair Young opened the meeting at 9:30 AM.
- II. **ROLL CALL** – Assistant GM Karon Bennett called roll (attendees are listed above).
- III. **INTRODUCTION** – Chair Young gave the attendees an overview of the Recreation District and a few important requirements to consider when going through the budget meetings. Herons Glen Recreation District is a Florida special district, a “local” government. Therefore, following FL laws are similar to Lee County activities.

Key Legal Requirements:

- Adopt a budget by resolution each year.
- The total amount available from HGRD assessments and other sources (memberships, sales, etc.), including balances brought forward (reserves – capital, deferred, etc.) **MUST** equal the total of appropriations for EXPENDITURES and reserves.
- The Adopted Budget regulates the expenditures of the District.

Next Steps:

- Management will present their preliminary budget report for the operation and management of the District’s Recreation Facilities for FY2032-2024. It will identify departmental expenditures as well as the assessment and other revenue needed to fund those expenditures. The same will happen for the reserve accounts – capital and deferred – along with management’s assumptions.
- On Friday, the Board of Supervisors will consider a resolution to approve the preliminary budget report and preliminary assessment roll to fund the expenditures. In the resolution, the debt service assessment (lot owner’s bond payment of \$1,424.58) is identified for each lot within the District.
- Management will send the notice of preliminary budget and assessment to each lot owner at the address provided by the Lee County tax assessor’s office. That report also includes the debt service assessment. Management will mail this package out in mid-July. This action is similar to the TRIM notice owners receive from Lee County on their property taxes. The mailing, sent via USMail per FL requirements, will include the lot owner’s notice of the August 2023 Public Hearing to adopt the FY2024 budget and the assessments.
- After the public hearing and adoption of the budget for FY2024 (October 1, 2023-September 30, 2024) management will mail or electronically transmit the final amount of the assessment for quarterly payments.
- The rolls for the bond assessment get transmitted to the Lee County tax collector and are included on the lot owner’s real estate tax bill.

IV. **PRESENTATION OF BUDGETS**

General Assumptions - 2022-23 Fiscal Budget

- O&M Divisor will be 1300, the number of lots in the Herons Glen Recreation District.
- FL mandatory increase in the minimum wage, effective September 30, 2023, to \$12/hr from \$11 for regular wages and \$8.98 from \$7.98 for tipped wages.
- 5% salary/wage merit increase for employees based on performance.
- Salaried employees' increases are paid in September as a lump sum equivalent to a 12 monthly percentage increase, while hourly employees earn their merit increase on their anniversary date.
- Cost of Healthcare premiums are estimated to increase by 9% over FY23 projected (ACA requires employers to offer insurance at a cost to the employees of not more than 9.61% of their wages) Budget modifications can be considered if a lower cost option is developed when meeting with Broker in August. The health benefit insurance rates are effective October 1, 2023.
- Property & Liability insurance guidance shows a total premium increase of 44% over FY23 Actuals. (\$438K) Based on the significant increase, management is working with Counsel Hart and the insurance agent on options for wind coverage which is scheduled to increase by 85%. (i.e., the possibility of self or partial insurance.) The property insurance renews on October 1, 2023.

Clubhouse Maintenance

- Tennis Association Fee stays stagnant at \$10k, plus \$1,800 for outside team players for league play.
- Approved adding one additional clubhouse maintenance staff member, due to the increased workload associated with expanded amenities.
- Plan to change outsourced cleaning company for lack of performance before the end of the current fiscal year.
- CLIS to use 10% of effluent water. Will renegotiate the FGUA contract for the purchase of effluent by the 2025 expiration of the current contract.
- The maintenance team will get increased pool chemistry training.
- Discussion on mulch vs. pine straw savings.
- Har Tru expenses will increase due to the expansion of bocce from 4 to 6 courts.

Fitness Center

- GM Belknap will come back with a recommendation for an electric increase, with new lights running until 10 pm.
- Leases 12 months, Edge Physical Therapy and Massage Therapy to increase by \$100 per month.
- Noted the increase in cleaning supplies.

Tennis Discussion - Tom DeLache and Susan Savage - The group reviewed the 10-year-old resolution for the tennis association's annual fee, the reason the fee was charged, and the amount paid to have the Har Tru courts. The main issue is having outside players. This year there will be 12 teams with most leagues normally 8-10 teams playing per year per team. The resolution says the HGTA (Herons Glen Tennis Association) pays a minimum of 40% of the projected O&M for maintenance. Mr. DeLache suggested taking the 12 teams 10 times each, which comes up to 2.4% of available time during the season only. 81% of the HGTA believes \$10k is excessive, it is unjustified when no other amenity is charged. Chair Young stated that the Board was very clearly concerned about injuries on the asphalt. At that time the HGTA agreed to pay \$12k for the maintenance of the har tru courts. The Board will consider the recommendation.

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

Administration

- Sub-Association Accounting Fees - 11% increase - renegotiated contracts for FY24 reflect actual cost developed a year ago.
- HGRD Social Events/Member Relations increased due to the increase in the amount allocated for Volunteer Appreciation
- Discussion took place on the accounting position per CLA recommendations with a budget impact of \$29,818.
- Overtime increased based on actuals.
- Concerns were raised about a Project plan for compliance and policy changes that the board needs to approve for the AP automation. Management is to provide. The District continues to stay in compliance with FL governmental record retention requirements with any change in systems.

Concert Series tickets increased to \$85 each and individual tickets increased to \$27 each. Special reserved seating sold at an increased price, will be closer to the stage of the Ballroom for those who buy the series. It was recommended to keep the profit at least \$10k going forward.

The Concert Series performances are as follows:

- Saturday, January 13, 2024 -The Brothers Doobie
- Saturday, January 27, 2024 - Jenene Caramielo
- Friday, February 9, 2024 - Rhinestone Cowgirls
- Saturday, February 24, 2024 - The West End of Broadway

Discussion took place on AvidXchange software being implemented in the accounting office and electronic document storage. Supervisor Schwarz reminded the Board that a project plan and process were requested before starting the project. This is the Accounts payable project management discussed.


- V. **QUESTIONS & DISCUSSION** – No questions were asked by the public regarding the budget.
- VI. **RESIDENT COMMENTS** - Mary Koenig suggested that the Board keep in mind the lessons learned on project management when the restaurant renovation was made in 2006. She added that she wanted to go on record that the budget for the restaurant renovation was grossly underfunded from the beginning of bond discussions about 4 years ago.
- VII. **ADJOURNMENT** – At 2:46 PM the meeting was adjourned until the following day, June 13, 2023, at 9:30 AM.

8/7/2023
Date

SUBMITTED BY:

Karon Bennett, Assistant GM

8/7/2023
Date

APPROVED BY HGRD BOARD:

Peter Overs, HGRD Board Vice Chair

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

June 13, 2023, Day Two-of-Four - 9:30 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	Asst GM Karon Bennett	X
Secretary William Kulkoski	X	David Brendsel	X
Asst Sec/Treas Karen Mars	X	Jeff Buxton	X
		Paul Chipman	X
		Richard Kline	X
Residents	2	Rita Lehman	X

- I. **CALL TO ORDER** – Chair Young opened the meeting at 9:30 AM.
- II. **ROLL CALL** – Assistant GM Karon Bennett called roll (attendees are listed above).
- III. **PRESENTATION OF BUDGETS**

GM J.B. Belknap mentioned that the golf course is in great condition. Director of Grounds and Maintenance Tim Kortanek joined the meeting to review the Golf Course Maintenance and CLIS Departments.

Golf Course Maintenance Assumptions

- No new lease equipment budgeted due to supply chain issues - production of equipment is 1 1/2 years behind.
- Reviewed the number of staff that he has, how many he is short, and basic rates of pay.
- While the golf course is fairly new there is a lot of detail work to be done. Based on acreage and staffing, budget numbers are low for the area. Tim is grateful for the time that the course has been given to recoup from the golf season's wear by scheduling regular closures.
- Landscaping is being done as scheduled with things such as tree trimming.
- The team is continuing with agronomical procedures and looking at compaction issues. USGA suggests 15 years is the lifespan of the golf greens.
- Discussion took place on deferred maintenance.

CLIS Assumptions

- CLIS Income from HOA for common areas increase by 6%
- The Director of GCM/Grounds supervision (20%) allocated to CLIS
- Outsourcing CLIS system maintenance to Mainscape. The transition will involve time & material, with the cost uncertain for repairs until Mainscape has time to assess the full breadth of the job. The current team continues to struggle with the CLIS System, they are down to two CLIS employees. The department is not set up for small checks, distribution now is a full-blown diagnosis. The scale of work is over what the employees can accomplish. We've been talking about getting different professionals who can handle the task. GM Belknap added that we have talked to several companies and selected Mainscape a professional irrigation company. They possess what we don't have in our CLIS department. They are also on a short list of vendors working with Tucor Irrigation, the brand of our equipment. This seems to be the most cohesive move.
- Mainscape has a 24-hour hotline for residents.
- Mainscape would like to have a town hall to teach residents proper procedures.

- They would handle pool projects and pavers as well, billing residents directly.
- As a reminder, the Policies & Procedures state resident responsibilities.
- Tim was asked to define the plan for bringing in Mainscape within the next month. This is to be shared with the residents. This needs to be very clear to the residents what to expect.
- Counsel Hart will bring a resolution for Board approval of Mainscape who will start July 1st.
- Additions to the Rules & Regulations will be added regarding irrigation.

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

The good thing about being a Recreation District is that golf pays for golf. We try to match revenue to meet the expenses of the golf course maintenance budget as well as Golf Shop expenses.

Golf Shop Assumptions

Membership Dues & Fees

- Golf Membership dues are up 2.5% for resident memberships, 5% for non-resident memberships
- Golf membership maxes out at 590 members (531 res and 49 non-res)
- Inventory owned by an outside vendor - HGRD collects a 10% commission from all sales

Discussion ensued on the golf dues, the aesthetics of the course, home values, and outside revenue.

- IV. **QUESTIONS & DISCUSSION** – No questions were asked by the public regarding the budget.
- V. **ADJOURNMENT** – At 2:56 PM the meeting was adjourned until the following day, June 14, 2023, at 9:30 AM.

08/07/2023
Date

SUBMITTED BY:

Karon Bennett, Assistant GM

08/07/2023
Date

APPROVED BY HGRD BOARD:

Peter Overs, HGRD Board Vice-Chair

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

June 14, 2023, Day Three-of-Four - 9:30 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	Asst GM Karon Bennett	X
Secretary William Kulkoski	X	David Brendsel	X
Asst Sec/Treas Karen Mars	X	Jeff Buxton	X
		Paul Chipman	X
		Richard Kline	X
Residents	7	Rita Lehman	X

- I. **CALL TO ORDER** – Chair Young opened the meeting at 9:30 AM.
- II. **ROLL CALL** – Assistant GM Karon Bennett called roll (attendees are listed above).
- III. **INTRODUCTION** – GM Belknap expressed his appreciation for the F&B Operation management team. The restaurant is valuable to the residents and is our most used amenity here. We are always looking at how we can improve. We've done a lot of research on benchmarking other country clubs, and we are, and since the inception of the Herons Glen, we've operated the food and beverage operation just like all country clubs do even though we're a Recreation District. Of the 41 clubs that we benchmark against, we subsidize Food & Beverage the least amount. Chair Young asked the Director of Food & Beverage Janine Stepanich if there are a lot of opportunities to increase revenue in the off-season. Janine stated that due to the large number of resident events in season, she pursues outside events in the summer. If dates are available in season Janine will try to get them in. She advised the group that employees are looking forward to coming to work these days.
- IV. **PRESENTATION OF BUDGETS**

GM J.B. Belknap, Controller Lynn Brew, F&B Director Janine Stepanich, and Chef Mayberry reviewed the Food & Beverage portion of the budget.

Restaurant Assumptions

- Added in full-time Dining Room Supervisor
- Food cost 45% - Beverage cost 28%
- Projected subsidy of \$538,599

Janine and Steve both intend to aggressively pursue outside events, that way they can charge more and that will offset everything for the residents. Events are coming in now even though marketing is currently light. The Board is excited to see the F&B team in action as they hit their second season at Herons Glen and the upcoming restaurant renovation. Discussion took place on their plans.

Questions were asked about staffing and if the new Sunseekers Resort opening down the road could cause staffing issues. Janine is confident in her staff and plans to bring back the same H2B staff, as they have built a successful team over the past season. The core staff has been doing a great job. Employees are saying the restaurant is busier than it has ever been.

Discussion took place on some needs for Ballroom F&B service. A mobile point-of-sale computer would be nice to have. The veranda needs a good cleaning. Janine would like to have lockers for the culinary team. Karen Jessop

added that they are not currently looking at carpeting and flooring in the Ballroom. They are focused on the media end, the bar set up, the stage, and the equipment.

RESIDENT COMMENTS

Karen Jessop commented that she agrees that Trivia will be a big success. Tom Stephens suggested bringing in an outside vendor to run but Janine is confident that she and her team will run the event well.

RESERVE ASSESSMENT ACCOUNTS

Paul Chipman led a presentation on Capital Reserve Assessment/Deferred Maintenance Assessment as reviewed and recommended by the Finance Committee.

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

The meeting moved forward with the discussion of deferred maintenance.

The Board agreed to continue the meeting the next day and go over the suggested changes.

The Board discussed the recommendation to add an Accounting Assistant as suggested by the CLA Audit when they suggested realignment of the staff. The question is whether Assistant Controller Sherry Young or Administrative Assistant Sally Nelson can take on any additional responsibility. GM Belknap agreed that an additional person with more experience is what Controller Brew needs to be successful. GM Belknap requested to revisit the subject the next morning.

- V. **QUESTIONS & DISCUSSION** – No questions were asked by the public regarding the budget.
- VI. **ADJOURNMENT** – At 2:53 PM the meeting was adjourned until the following day, June 14, 2023, at 9:30 AM.

8/7/2023

Date

SUBMITTED BY:


Karon Bennett, Assistant GM

8/7/2023

Date

APPROVED BY HGRD BOARD:


Peter Over, HGRD Board Vice-Chair

HERONS GLEN RECREATION DISTRICT BUDGET WORKSHOPS

June 15, 2023, Day Four-of-Four - 9:30 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	Asst GM Karon Bennett	X
Secretary William Kulkoski	X	David Brendsel	---
Asst Sec/Treas Karen Mars	X	Jeff Buxton	X
		Paul Chipman	X
		Richard Kline	X
Residents	1	Rita Lehman	X

- I. **CALL TO ORDER** – Chair Young opened the meeting at 9:30 AM.
- II. **ROLL CALL** – Assistant GM Karon Bennett called roll (attendees are listed above).
- III. **BUDGET REVIEW** – Chair Young started off the meeting with Paul Chipman leading his presentation of the Updated Capital Model including 20YR CAP, Bond Gap Close, and Aspirational Capital. Jeff Buxton added that the long-range capital plan can be added to the Strategic Plan. Jeff and Paul will work together to document the assumptions made for future planning for upcoming Boards and another document for residents to review that is directly related to the coming budget. The third document needed is a letter from the Board expressing how the Board got to the budget.

Further discussion ensued on the annual assessment that allows residents to pay quarterly and Loss Reserve Replenishment. The Board reviewed all the corrections or changes that were decided on during the four days of reviewing the budget.

ALLOCATION OF EXCESS RESIDENT EVENT FUNDS – Supervisor Mars asked when excess fund rolls over, as no action had been taken on spending the excess after the season. She noted the process for resident event committee-sponsored events. The District sells event tickets, collects the money by billing the residents, and writes the checks for the Resident's Events expenses. The amount left should be used for purchases to benefit all residents. Any funds remaining are to be allocated to the District bottom line for the F&B department. She said that the policy recently approved by the board allows retaining funds to be held over for the purchase of a larger cost item which can be obtained with funds from the following year.

- IV. **QUESTIONS & DISCUSSION** – There were no further questions or discussion.
- V. **ADJOURNMENT** – At 10:45 AM the meeting was adjourned. The Board will meet again the next day for their Regular Board meeting on June 16, 2023, at 9:00 AM.

8/7/2023
Date

SUBMITTED BY:

Karon Bennett

Karon Bennett, Assistant GM

8/7/2023
Date

APPROVED BY HGRD BOARD:

Peter Overs

Peter Overs, HGRD Board Chair

FY 2022-23 Approved Budget

FY 2023-24 Proposed Budget

	<u>Assessments</u>	<u>Other Revenue</u>	<u>Expenditures</u>	<u>Assessments</u>	<u>Other Revenue</u>	<u>Expenditures</u>	<u>Assessment % Change</u>
HGRD Operations & Maintenance							
Administration	\$ 879,312	\$ 153,009	\$ 1,032,321	\$ 1,099,662	\$ 169,724	\$ 1,269,386	25.1%
Food & Beverage	491,766	1,314,443	1,806,209	433,760	1,545,429	1,979,189	-11.8%
Clubhouse	888,694	11,600	900,294	964,839	11,800	976,639	8.6%
Fitness	70,205	2,400	72,605	85,685	4,200	89,885	22.0%
CLIS	288,922	234,645	523,567	303,316	242,364	545,680	5.0%
Pro Shop	-	2,358,395	695,620	-	2,540,985	727,839	
Golf Maintenance	-	-	1,662,774	-	-	1,813,146	
<i>Total Operations (rounded)</i>	<u>\$ 2,618,899</u>	<u>\$ 4,074,492</u>	<u>\$ 6,693,391</u>	<u>\$ 2,887,262</u>	<u>\$ 4,514,502</u>	<u>\$ 7,401,764</u>	<u>10.2%</u>
Deferred Maint Reserve Fund	\$ 381,928			\$ 381,928			0.0%
Capital Reserve Fund	\$ 293,893			\$ 325,000			10.6%
<i>Total Annual Assessment</i>	<u>\$ 3,294,720</u>			<u>\$ 3,594,191</u>			<u>9.1%</u>
Losses Reserve Fund (FY 2023-24 only)*	\$ -			\$ 390,000			
TOTAL HGRD	<u>\$ 3,294,720</u>			<u>\$ 3,984,191</u>			

Golf Membership Fees	(pre-tax)	<u>2022-23</u>	<u>2023-24</u>	<u>% Change</u>
Resident Household		\$ 5,280	\$ 5,438	3.0%
Resident Single		3,300	3,399	3.0%
Tennis Association Fee		\$ 10,000	\$ 10,000	0.0%

	<u>2022-23 Annual</u>	<u>2023-24 Annual</u>	<u>2023-24 Quarterly</u>	<u>\$ Δ Annual</u>	<u>% Change</u>
O&M Assessment per lot: (rounded)	-	-	-		
O&M	\$ 2,015	\$ 2,221	\$ 555	\$ 206	10.2%
Capital Replacement Reserve**	226	250	63	24	10.6%
Deferred Maint Reserve***	294	294	73	0	0.0%
Total O&M, Cap & Def Asmnt:	2,534	2,765	691	230	9.1%
Losses Reserve Replenishment Asmnt	-	300	75	300	
Total O&M, Cap, Def & Loss Spec Asmnt:	<u>\$ 2,534</u>	<u>\$ 3,065</u>	<u>\$ 766</u>	<u>\$ 530</u>	

* Losses Reserve Fund Assessment is a one-time only assessment

** Capital Reserve calculated based on incremental increase according to the Long Range Plan

*** Deferred Maintenance Reserve calculated on a 10-yr annual needs according to the Long Range Plan

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