



Board of Directors Meeting

May 4, 2023

Member Input

Members are limited to **3 minutes** to speak.

(Member input may also be shared in advance of the meeting via email to memberinput@rsfassociation.org. Please provide at least 24 hours prior to meeting.)

Consent Agenda Items

- *Consent Agenda items may be approved simultaneously with one motion, unless separate action or discussion is requested.*
 - a. Minutes of April 13, 2023
 - b. Resolution 2023-XXX, Section 5502 - Transfers

Staffing Announcement

Restaurant Cost-Share Agreement



Rancho Santa Fe Association Budget Assumptions

For the Year July 1, 2023 to June 30, 2024

Budget Presentation - FY 2024

- Key Assumptions
 - i. Annual Assessments
 - ii. Cost-Sharing
 - iii. Dues / Enrollment Fees
 - iv. Debt Consideration

2023-2024 RSFA Annual Budget Timeline		
Date(s)	Event	Description
Present to 1/27/2023	Prepare Budgeting Templates	Jackie / Create Templates in Adaptive Insights
1/12/2023	Reserve Study Update	Jackie reviews all purchases and deletions and updates Facility Advisor Program
1/12/2023	Reserve Study by Department	Send to Each Budgeting Manager their Reserve Study for review
1/27/2023	Update Data in Reserve Study	Mgrs to provide Finance with changes
2/6/2023	Kick-off Meeting for Budget Managers	2 Meetings Association/Tennis & Osuna AM/Golf PM Review Template Process
2/9/2023	Secondary Reserve Study Report by Department	Updated Report to Department Managers
2/6/2023-2/10/2023	Individual Meetings with Department Manager	Departmental Meetings with Mgr Financial Report &/or CFO
2/13/2023	Golf Finance Committee & BOG Meeting	Budget Update and Review Reserve Study Reports
2/22/2023	Association Finance Committee Meeting	Budget Update and Review Reserve Study Reports
Prior to 03/03/2023	Compensation Committee	Review Compensation guidelines for Employees for 22-23 Fiscal Year
2/27/2023	Golf Budget Review	Review with Todd & Appropriate Golf Board Representatives Budget
2/28/2023	Association Budget Review	Review with Christy & Appropriate Audit/Finance Representatives Budget
3/1/2023	Tennis Budget Review	Review with Tennis Board Appropriate Representatives Budget
3/2/2023	Osuna Budget Review	Review with Osuna Board Appropriate Representatives Budget
3/14/2023	Association Finance Committee Meeting	Risk Management Discussion
3/13/2023	Golf Finance Committee & BOG Meeting	Preliminary Budget & Approval of Golf & Restaurant Reserve Study
3/22/2023	Association Finance Committee Meeting	Preliminary Budget & Approval of General Services Reserve Study
3/28/2023	Preliminary Budget Review	Audit/Finance Committee & Appropriate Representatives First Review
4/13/2023	Association Board of Directors Meeting	Board Approves Reserve Study Funding Requirements
4/19/2023	Second Budget Review	Audit/Finance Committee & Appropriate Representatives Second Review
4/17/2023	Golf Finance Committee & BOG Meeting	Request Recommendation Approval of Golf Budget
4/26/2023	Association Finance Committee Meeting	Review Budget changes prior to Public Hearing
5/4/2023	Association Board of Directors Budget Meeting	Board reviews key assumptions/"building blocks": Annual assessments, cost-sharing, dues/enrollment fees, debt repayments
5/9/2023	Public Hearing	Public 2022-2023 Budget Hearing and finalize recommendation for Board to approve 2022-2023 Budget
5/11/2023	Association Board of Directors Meeting	Board Approves Budget
5/12/2023	Email Budgeting Managers	Email Department Managers Final Budgets
5/26/2023	Mailing to Members	Mail Annual Disclosure Package

Budget Assumptions FY2024

- Covid-19 – Budget assumes a return to normal



Budget Assumptions FY2024, Revenues

Assessments - \$9.1 million

- 15.0 cents/\$100 of Assessed Value, 12.5 cents allocated to General Services, 2.5 cents allocated to Fiber-Optic Fund
 - i. Assessment rate had been 14 cents since 2005
- Total budgeted amount is \$959,000 (or 11.7%) over projected 2022-2023
 - i. Total Assessment increase at 14 cents = \$347,000
 - ii. Assessment increase due to one cent increase = \$612,000
- In FY2023, General Services will have deficit of \$501,000

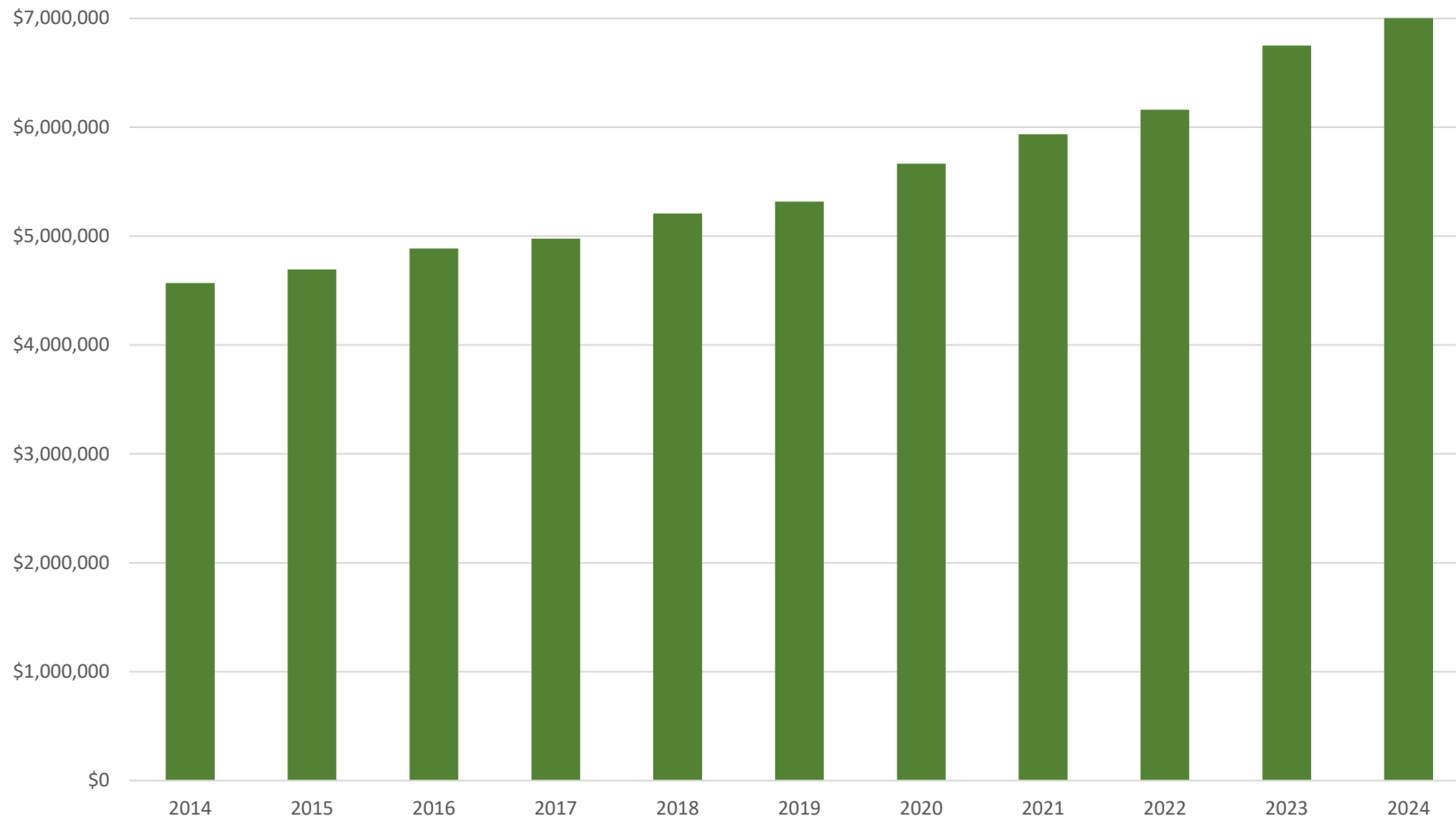
Budget Assumptions FY2024, Revenues

- Historic Assessment Rates



Budget Assumptions FY2024, Revenues

- Assessments Funding General Services



Budget Assumptions FY2024, Revenues

Golf

- 24 new members, 27 cancellations in FY2024
- 10% increase in dues

Tennis

- Six new Resident Family Tennis members, six cancellations in FY2024
- Increase of 12 new Pickleball members, six cancellations
- Sponsored members (level throughout the year):
 - Tennis – 40
 - Pickleball – 10
- Dues increases in various categories range from 5-13%

Budget Assumptions FY2024, Revenues

Enrollment Fees

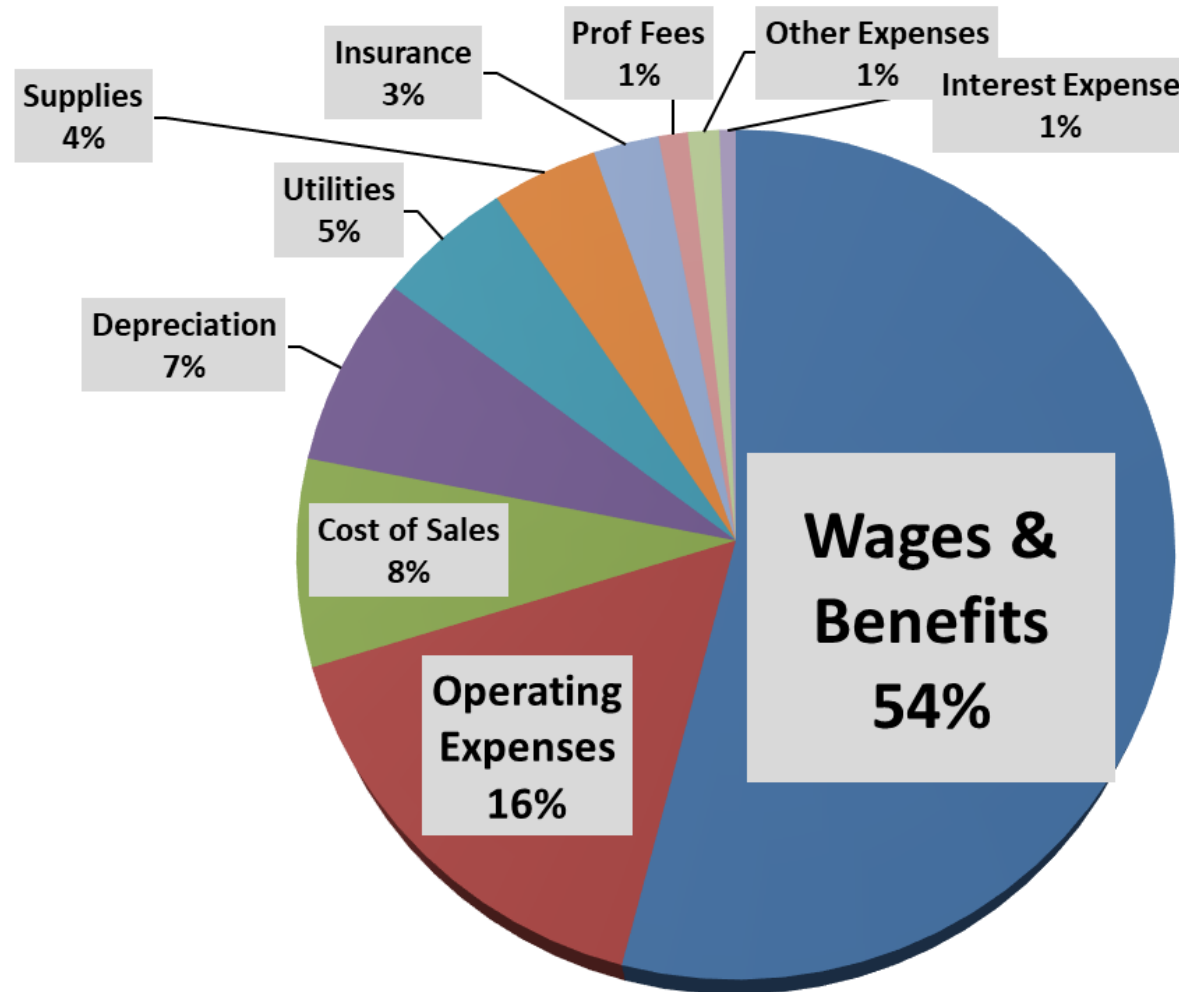
- Based on estimated new memberships at Golf and Tennis Clubs
- Regular enrollment fees recognized upon membership
- Jr. Executive fees recognized each year when due

Interest/Investment Income

- Based on projected investment balances & interest rates

Budget Presentation FY2024, Expenses

- \$28.4 Million



Budget Presentation FY2024, Expenses

Wages

- General guideline of 3% increases
- Several areas making competitive market adjustments
 - Average impact of increases and cost of newer hires
 - CPI has increased by 5.3% over the 12 months ended March 31, 2023 (and by 13.6% for the 24 months ended March 31, 2023)
- Three new hires at Golf Club, one new hire in General Services

Employee Benefits

- Healthcare premium rates locked in through December 2023. 10% increase budgeted for January to June 2024

Budget Presentation FY2024, Wages –vs- Assessments

	<u>Year Ending</u>				<u>Total Increase</u>
	<u>Jun-2021</u>	<u>Jun-2022</u>	<u>Jun-2023</u>	<u>Jun-2024</u>	
Increase in Assessments	275,000 4.00%	305,000 4.30%	803,000 10.80%	959,000 11.70%	\$ 2,342,000 34.26%
Increase in Wages/Benefits	874,000 9.20%	1,389,000 13.40%	1,966,000 16.70%	1,019,000 11.80%	\$ 5,248,000 55.09%

Budget Presentation FY2024, Headcount Levels

DEPARTMENT	Jan-2022	Jul-2022	Jan-2023	Apr-2023	Current Openings	CURRENT IF FULLY STAFFED	NEW POSITIONS IN BUDGET	Jan-2024 FY2024 Budget
<u>General Services</u>								
Administration	11	13	13	13	2	15		15
Parks & Recreation	15	17	16	15	1	16		16
Patrol	12	11	11	10		10		10
Building	5	6	6	6		6	1	7
Infrastructure	0	1	2	2		2		2
Total General Services	43	48	48	46	3	49	1	50
<u>Golf Club</u>								
Maintenance	24	28	30	28	2	30		30
Golf-Other	20	26	28	28	1	29	1	30
F&B	51	41	51	48	5	53	2	55
Total Golf Club	95	95	109	104	8	112	3	115
<u>Tennis</u>	16	14	15	18		18		18
<u>Osuna Ranch</u>	6	6	7	7	1	8		8
<u>RSF Connect</u>	1	1	1	1		1		1
TOTAL	161	164	180	176	12	188	4	192

Admin Allocation

- Annual calculation allocating a portion of Accounting and HR staff to the departments they support
- Manager, Assistant Manager and Chief Financial Officer not included in allocation
- Staff allocation, depending on job function, based on relative percentage of revenues, # of monthly transactions, # of employees, etc.

Annual Admin Allocation

FY 2024

Golf	178,000
Food & Beverage	116,000
Tennis	42,000
Osuna Ranch	15,000
RSF Connect	38,000

\$389,000

Cost-Share Calculation

All Figures Below Are From the Respective Years' Budget Process

Revenues	FY2020 - 1st Year of Cost Share			FY2022 - Added in Admin Alloc			FY2023			FY2024		
	Category	Amount	Cost of Sales	Gross Margin %	Amount	Cost of Sales	Gross Margin %	Amount	Cost of Sales	Gross Margin %	Amount	Cost of Sales
Food	1,654,000	628,520	62.0%	1,664,000	656,500	60.5%	1,917,800	731,984	61.8%	2,363,802	907,365	61.6%
Beer	76,000	26,600	65.0%	118,276	35,482	70.0%	76,107	25,694	66.2%	97,256	32,753	66.3%
Wine	390,400	156,160	60.0%	241,215	96,486	60.0%	353,533	141,413	60.0%	382,322	152,929	60.0%
Liquor	267,000	80,100	70.0%	255,774	74,175	71.0%	369,681	110,704	70.1%	425,364	127,336	70.1%
Vintner/Retail	500,000	450,000	10.0%	672,000	572,300	14.8%	796,500	671,500	15.7%	429,750	343,800	20.0%
Other	50,000	0		43,500	0		31,664	0		52,070	0	
	2,937,400	1,341,380		2,994,765	1,434,943		3,545,286	1,681,295		3,750,563	1,564,183	
Gross Margin	1,596,020		54.3%	1,559,822		52.1%	1,863,990		52.6%	2,186,380		58.3%
For every dollar sold in the F&B operation, the amount of Cost of Sales =			\$ 0.46			\$ 0.48			\$ 0.47			\$ 0.42
Cost of Sales Excluding Vintner			\$ 0.37			\$ 0.37			\$ 0.37			\$ 0.37
Other Expenses are as follows:												
Wages & Payroll Relateds	1,623,681	\$ 0.55		1,784,734	\$ 0.60		2,447,843	\$ 0.69		2,707,545	\$ 0.72	
Operating	209,050	\$ 0.07		199,698	\$ 0.07		341,907	\$ 0.10		460,414	\$ 0.12	
Utilities	127,016	\$ 0.04		111,135	\$ 0.04		114,312	\$ 0.03		120,892	\$ 0.03	
Insurance	97,337	\$ 0.03		107,235	\$ 0.04		133,939	\$ 0.04		162,718	\$ 0.04	
Supplies	118,500	\$ 0.04		134,961	\$ 0.05		141,990	\$ 0.04		166,717	\$ 0.04	
Property Taxes & Interest	10,088	\$ 0.00		17,088	\$ 0.01		24,021	\$ 0.01		20,809	\$ 0.01	
Total Other Expenses	2,185,672	\$ 0.74		2,354,851	\$ 0.79		3,204,012	\$ 0.90		3,639,096	\$ 0.97	
Net Operating Loss (before Admin Allocation)	\$ (589,652)			\$ (795,029)			\$ (1,340,022)			\$ (1,452,715)		
Therefore, for every dollar sold in the F&B operation, the amount of Cost and Expenses equals		\$ 1.20			\$ 1.27			\$ 1.38			\$ 1.39	
F&B's Contribution to Reserves	\$ (72,450)			\$ (35,022)			\$ (99,765)			\$ (87,675)		
F&B's Capital Expenditures (from Operating Fund)	\$ (12,000)			\$ -			\$ (50,000)			\$ -		
F&B Share of Admin Allocation	\$ -			\$ (111,817)			\$ (124,966)			\$ (116,000)		
Amount to be Shared per Exhibit A	\$ (674,102)			\$ (941,868)			\$ (1,614,753)			No more sharing agreement		
	50% but capped at \$300,000			50%			50%			0%		
General Services Contribution	\$ (300,000)			\$ (470,934)			\$ (807,377)			\$ (350,000)		

Budget Presentation FY2024

Interfund Transfers – Capital Expenditures

General Services

	Operating Fund	Replacement Fund
Vehicles	31,000	212,000
Tree Replanting Project	150,000	
Infrastructure Initiatives	200,000	
Property Improvements	22,000	130,000
Computer & Other Equipment	50,000	68,000
	\$ 453,000	\$ 410,000

Budget Presentation FY2024

Interfund Transfers – Capital Expenditures

Golf Club

GOLF

Maintenance Equipment

Property Improvements

RESTAURANT

Furniture, Fixtures & Equipment

Property Improvements

	Operating Fund	Replacement Fund
	189,000	348,000
	125,000	306,000
		177,000
		220,000
	\$ 314,000	\$ 1,051,000

Budget Presentation FY2024

Interfund Transfers – Capital Expenditures

Tennis Club

Property Improvements

Operating
Fund

Replacement
Fund

79,000

\$ -

\$ 79,000

Budget Presentation FY2024

Interfund Transfers – Capital Expenditures

Osuna Ranch

	Operating Fund	Replacement Fund
Property Improvements	45,000	153,000
Furniture, Fixtures & Equipment		15,000
	\$ 45,000	\$ 168,000

Budget Presentation FY2024, Interfund Transfers

Principal Payments on Loans

- RSF Connect loan includes principal payments made in excess of amortization schedule
 - Balance at May 1, 2023 - \$3,482,000
 - Interest rate – 4.05%
 - Last payment – September 2027
- Intercompany loan from General Services to Golf Club includes accelerated payments based on membership levels

Budget Presentation FY2024, Interfund Transfers

Principal Payments on Loans cont.

- Golf Club Loan includes principal payments made in accordance with amortization schedule
 - Balance at May 1, 2023 - \$1,404,000
 - Interest rate – 3.55%
 - Last payment – April 2027 (at current membership, November 2025)

Budget Presentation FY2024, Interfund Transfers

Reserve Study Assumptions:

- Reserve Study includes assets to be replaced within 30 years
- Minimum asset amount = \$5,000
- Long term earnings rate – 3.0%
- Long term inflation rate – 2.5%

Budget Presentation FY2024, Interfund Transfers

Transfers to Replacement Fund (*based on Reserve Study calculations*):

- General services: \$267,000
- Golf: \$804,000
- Dining: \$88,000
- Tennis: \$103,000
- Osuna: \$70,000
- RSF Connect: \$2,000

Budget Presentation FY2024, Reserve Levels

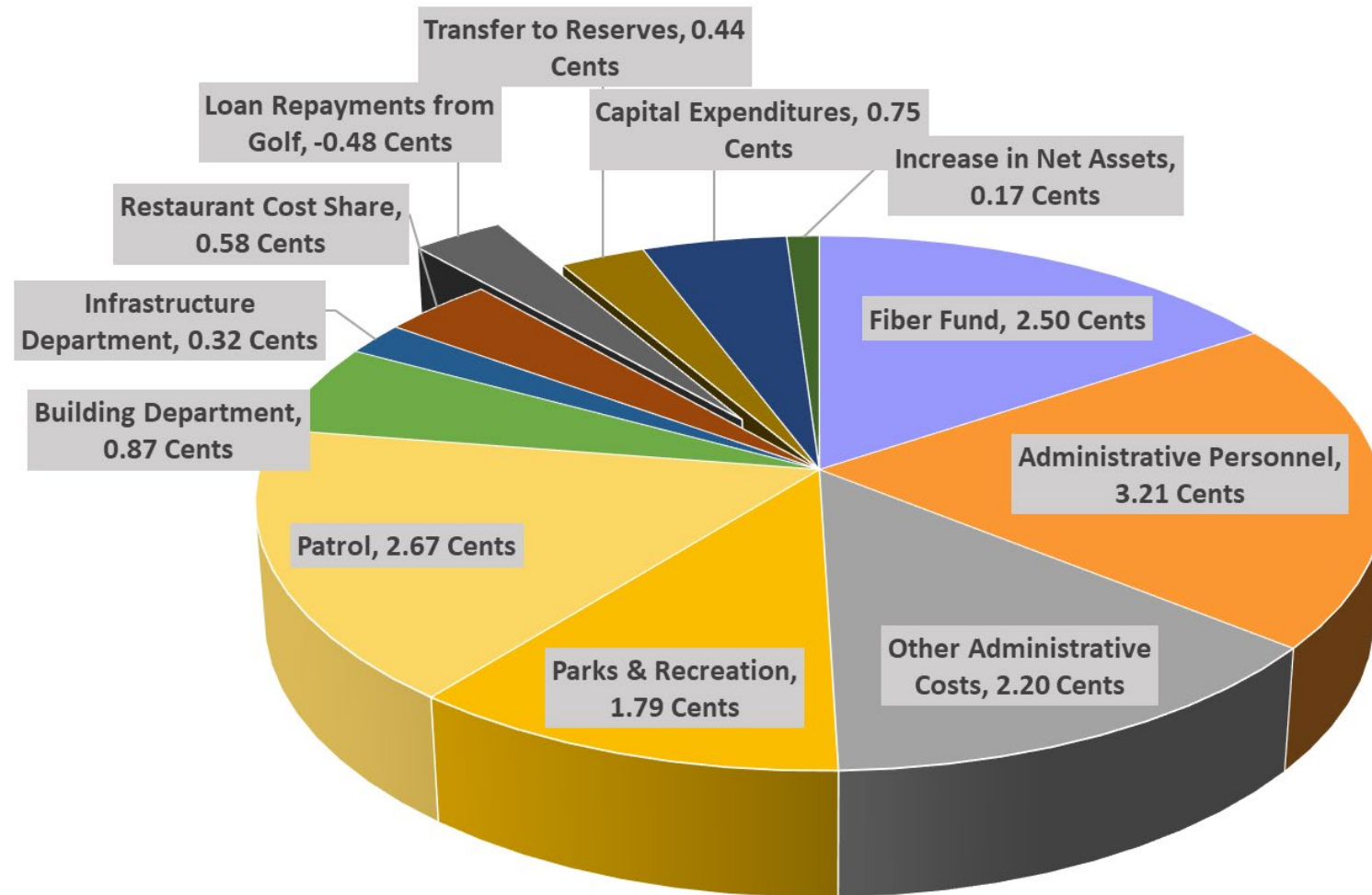
	6/30/2023			6/30/2024		
	<u>Required</u>	<u>Projected</u>	<u>%</u>	<u>Required</u>	<u>Projected</u>	<u>%</u>
General Services	1,560,000	1,529,000	98%	1,376,000	1,376,000	100%
Golf	2,356,000	2,261,000	96%	2,480,000	2,480,000	100%
Restaurant	768,000	768,000	100%	476,000	476,000	100%
Tennis	277,000	241,000	87%	273,000	273,000	100%
Osuna	645,000	503,000	78%	566,000	418,000	74%
Fiber	14,000	17,000	121%	19,000	19,000	100%
Total	5,620,000	5,319,000	95%	5,190,000	5,042,000	97%

Budget Presentation FY2024

	Operating Fund								
	General Services	Golf	Restaurant	Tennis	Osuna Ranch	RSF PAC	Fiber-Optic Fund	Property & Replacement Funds	Total
REVENUES									
Assessments	\$ 7,588,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,516,420	\$ -	\$ 9,104,883
Club Operations	-	10,235,246	97,200	1,430,699	815,636	-	-	-	12,578,781
Food and Beverage	-	-	3,653,363	-	-	-	-	-	3,653,363
Enrollment Fees	-	1,856,949	-	45,000	-	-	-	-	1,901,949
Recovery Fees on Fiber-Optic Subscription:	-	-	-	-	-	-	876,000	-	876,000
Other Revenues (net)	1,708,030	1,537,311	-	206,030	-	24,924	1,440	139,551	3,617,286
Total Revenues	9,296,493	13,629,506	3,750,563	1,681,729	815,636	24,924	2,393,860	139,551	31,732,263
COST OF SALES	-	648,724	1,564,183	34,800	-	-	-	-	2,247,707
EXPENSES									
Wages, Benefits & Taxes	5,761,329	5,110,779	2,707,545	1,034,208	411,238	-	346,128	-	15,371,226
Operating	2,088,815	1,568,000	460,414	247,333	100,865	-	134,382	-	4,599,810
Depreciation	-	-	-	-	-	-	-	2,070,550	2,070,550
Other Expenses	955,353	2,051,623	471,136	123,854	138,533	70,000	342,533	-	4,153,034
Total Expenses	8,805,497	8,730,402	3,639,096	1,405,396	650,636	70,000	823,043	2,070,550	26,194,620
Revenues & Expenses before Cost Sharing	490,996	4,250,380	(1,452,715)	241,534	164,999	(45,076)	1,570,817	(1,930,999)	3,289,936
Association Participation in Food & Beverage	(350,000)	-	350,000	-	-	-	-	-	-
Allocation of Administrative Costs	389,000	(178,000)	(116,000)	(42,000)	(15,000)	-	(38,000)	-	-
Revenues Over (Under) Expenses	529,996	4,072,380	(1,218,715)	199,534	149,999	(45,076)	1,532,817	(1,930,999)	3,289,936
Interfund Transfers:									
Property and Equipment Purchases, net	(453,340)	(314,247)	-	-	(45,000)	-	-	812,587	-
Loan Principal Payments	292,220	(674,085)	-	-	-	-	(753,020)	1,134,885	-
Replacement Fund Transfers	(267,006)	(803,760)	(87,675)	(103,248)	(69,999)	-	(1,709)	1,333,397	-
Budgeted Change in Fund Balances	\$ 101,870	\$ 2,280,288	\$ (1,306,390)	\$ 96,286	\$ 35,000	\$ (45,076)	\$ 778,088	\$ 1,349,870	\$ 3,289,936
Projected Beginning Fund Balances	4,566,124	446,413		281,450	87,545	113,882	885,945	52,057,153	58,438,512
Projected Ending Fund Balances	\$ 4,667,994	\$1,420,311		\$ 377,736	\$ 122,545	\$ 68,806	\$ 1,664,033	\$53,407,023	\$ 61,728,448

Budget Presentation FY2024

Where does my assessment go?



Director Comments



Meeting Adjourned

May 4, 2023

