



AGENDA

BOARD OF DIRECTORS WORK SESSION
Wednesday, May 19, 2021 2:00pm
WEST CENTER AUDITORIUM / ZOOM

Directors: Mike Zelenak (President), Nina Campfield (Vice President), Ted Boyett (Secretary), Donna Coon (Treasurer), Mark McIntosh (Assistant Secretary), Randy Howard (Assistant Treasurer), Kathi Bachelor, Carol Crothers, Christine Gallegos, Bart Hillyer, Bev Lawless, Don Weaver, Scott Somers (CEO non-voting)

AGENDA TOPICS

Surplus Formula Calculation

Presentation on Personnel Costs

East Center Pool Design



Green Valley Recreation, Inc.

EXHIBIT

Prepared By: Cheryl Moose, CFO

Meeting Date: May 19, 2021

Presented By: David Webster,
Director of Accounting

Consent Agenda: No

Originating Committee / Department: Finance

Action Requested: Discuss and consider future approval of an accounting calculation to determine the financial surplus/loss from GVR operations at year end.

Strategic Plan Goal: NA

Background Justification: In past years there have been differences of opinion on how to determine if a surplus or loss from operations exists at year end. Establishing this Board-approved calculation will ensure that the surplus/from operations will be developed on an accurate and consistent basis.

Independent CPA, Susan Vos, will present her recommendation on the calculation, which is based on Generally Accepted Accounting Principles (GAAP), and her recommendation on presenting material, such as the Budget document and quarterly financial reports, on a cash basis.

Fiscal Impact: None

Board Options:

- 1) At the next regular Board meeting, accept and approve Susan Vos' recommendations for calculating the year end surplus/loss, as presented in the accompanying documents.
- 2) At the next regular Board meeting, approve a different calculation for determining the year end surplus/loss.
- 3) Provide different direct to staff.

Staff Recommendation:

Option #1

- 1)

Recommended Motion:

NA

Attachments:

Susan Vos Report

Surplus calculation from Susan Vos

Operating Surplus Calculation

At the end of each fiscal year, the Board of Directors shall determine the amount, if any, to contribute from operational surpluses. Operating Surplus or deficit is calculated as follows:

- a. Begin with the Change in Net Assets from the Audited Financial Statements*
- b. Deduct unrealized gains/losses on operating accounts,*
- c. Deduct net investment income on reserve accounts/investments*
- d. Add depreciation expense*
- e. Deduct current year purchases of Capital Assets (cost basis, before accumulated depreciation)*
- f. Add reserve cash amounts that were used to purchase Capital Assets*
- g. Add expenses that were paid using reserve cash (i.e. repairs and maintenance expenses paid for using MMR funds)*
- h. Deduct funding cash transfers to reserve funds during the year (i.e. required MMR funding)*
- i. Add or deduct any other non-cash items (i.e. in-kind capital donations)*

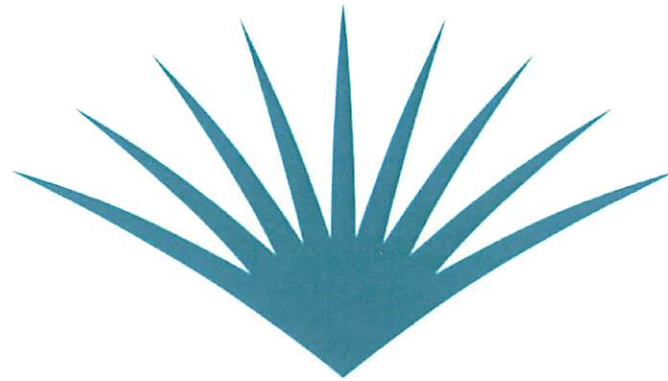
The intent of the calculation is to determine if there is a surplus of operating revenue over operating expenses each year that can be transferred to a reserve fund. The calculation is to remove non-cash items such as depreciation and unrealized gains/losses. Additionally, adjustments are to be made to take into consideration operating cash used for Capital Asset purchases. Reserve fund cash used to pay for Capital Asset purchases and operating expenses should not be included in the operating cash surplus.

GVR Operating Surplus Calculation:

	12/31/2020	
a	\$ 1,237,658.00	
b	-	
c	(986,599.00)	
d	1,668,559.00	Statement of Functional Expenses from audited FS
e	(1,819,429.00)	Statement of Cash Flows from audited FS
f	1,547,839.00	see below calculation
g	293,302.00	from MMR Operating Expenditures report
h	(1,497,215.00)	from GVR Cash Requirements Report
i	(63,913.00)	included in revenue, but is non-cash
	<u><u>\$ 380,202.00</u></u>	

f: reserve funds used for capital asset purchases in 2020	Outlays of Cash for Capital Assets
MMR (from YTD Capital Expenditures)	494,583.00
Initiatives(purchases plus in-kind donation) from YTD Capital Expenditures	<u>2,266,117.00</u>
	2,760,700.00
Reimburse Operations for Construction in Process (previous year cash outlay)	(1,148,948.00)
Donated Cap Asset (non-cash, increased capital assets but no cash out)	(63,913.00)
2020 Reserve Cash outlay for capital assets	<u>1,547,839.00</u>

	<u>Net Investment Income</u>	
<i>Obtained from audited financial statements</i>	Reserves	Total
Unrealized gain/loss	766,032.00	766,032.00
Realized loss	34,101.00	(140,314.00)
Investment Fees	(65,265.00)	(81,888.00)
Interest & Dividends	251,731.00	295,527.00
	<u>986,599.00</u>	<u>839,357.00</u>



GVR™

GREEN VALLEY
RECREATION, INC.



Overview

The goal of this presentation is to provide an analysis of the growth in GVR personnel expenses to determine the rate of growth. The following analysis is based on audited expense amounts.

Total Expenses

GVR analyzes expense increases in 3- and 5-year increments and they are as follows:

TOTAL EXPENSES:	Total	Annual	<u>Remove CEO Contract Buyout</u>		
			Total	Annual	CPI
3 Year increase (2017-20)	10.3%	3.4%	<u>6.5%</u>	2.2%	<u>7%</u>
5 Year increase (2015-20)	26.5%	5.3%	<u>22.2%</u>	6.5%	<u>9%</u>

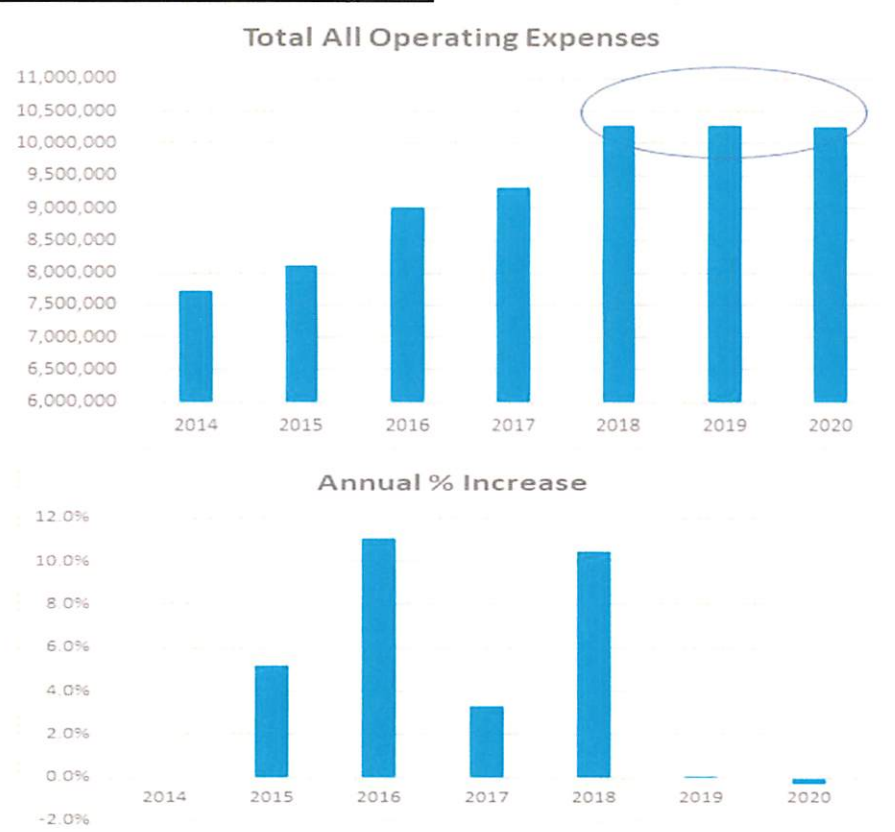
In 2014, GVR initiated a concerted effort to move GVR from a simpler and more informal business to a more professionally managed organization which included hiring additional staff and initiating an MRR study. A 6-year analysis (2014-2020) is as follows:

	Total	Annual	<u>Remove CEO Contract Buyout</u>		
			Total	Annual	CPI
6 Year increase (2014-20)	33.1%	5.5%	28.6%	4.8%	10%

The personnel expenses have grown 28.6% when the CEO Contract Buyout is removed. The grand total increase is 33.1%

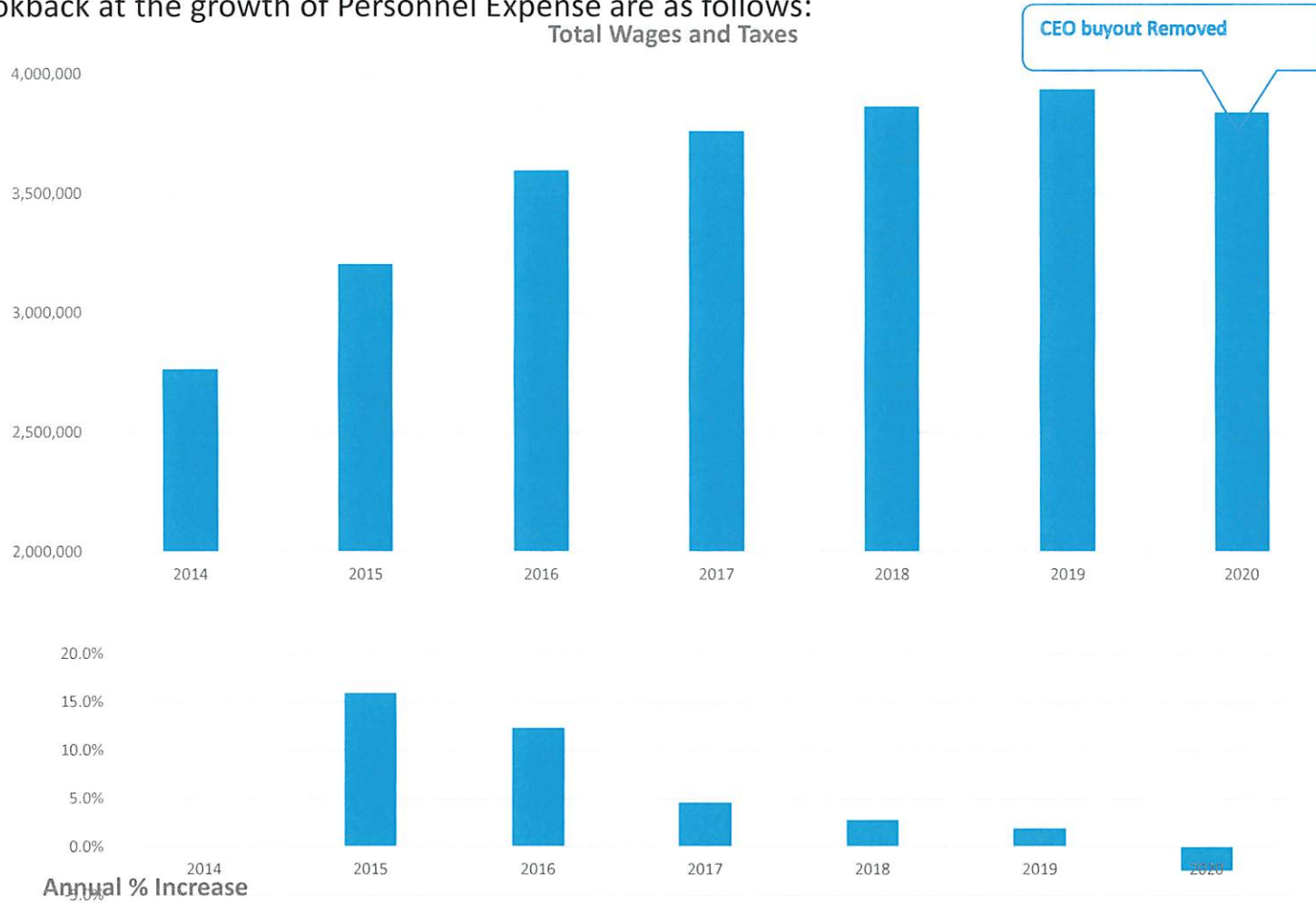
Total Expenses

The following graphs illustrates GVR TOTAL expense trends and supports the fact GVR purposely advanced to a professionally managed organization in 2014 and, after having done so, the expenses have remained essentially flat:



Personnel Costs

Personnel Costs are the largest component of GVR expenses as is the case in most organizations. A 6-year lookback at the growth of Personnel Expense are as follows:



Summary

In 2014, GVR intentionally moved to a more professionally managed organization which included hiring additional staff and initiating an MRR study .

GVR expenses are now 28.6% more than they were in 2014.

Now that GVR has transitioned to the MRR plan, the Total expenses have grown 6.5% over the past three years compared to 7% inflation.

GVR Personnel costs over the past three years have increased 6.3% compared to 7% inflation.

The current trend of increases in total expenses and personnel expenses are reasonable when compared to inflation.

GVR will continue communicating expense trends to Board Members and members through quarterly Financial Reports.



Green Valley Recreation, Inc.
Board of Directors Work Session

Prepared By: David Jund, Facilities Director **Meeting Date:** May 19, 2021

Presented By: David Jund, Facilities Director **Consent Agenda:** No

Originating Committee / Department: Facilities Department

Action Requested: Direct staff to bring East Center Pool Replacement design w/options and preliminary cost estimates to the following meeting of the Board of Directors for action

Strategic Plan Focus Area: GVR Services

Background Justification:

At the March 17, 2021 meeting of the Board of Directors, the Board unanimously approved a motion for *'staff to continue with design and cost estimating for replacing the East Center Pool and Spa based on Planning & Evaluation Committee and staff's recommended design, to include an estimate on the availability of a pool with an approximate cost of \$500,000.'*

On April 22, 2021, AquaticDesign (ADI) International provided staff with preliminary design with the East Center Swimming Pool & Spa Replacement Preliminary Cost Estimate (attached). The design is based on the staff recommendation that was presented to the P&E Committee on March 11, 2021 and brought to the Work Session of Board of Directors on March 17 (attached).

Staff requested ADI to provide 2 design options and cost estimates for the replacement pool and spa. (exhibit attached)

Fiscal Impact:

ADI reached out to two qualified commercial pool constructions companies, Shasta Commercial and Olympic Pools and Cimarron Circle, for cost estimates on the design based on the staff recommendation (Option #1). The consensus of the two estimates came in at \$695,000 for construction of the replacement pool, spa and deck.

The cost estimate for Option #2, which reduces the size of the pool by 450ft², is \$621,000.

Fiscal Impact: *continued*

Options #3 is based on the Board of Director's ask of an approximate cost for the project to be at \$500,000.

Board Options:

1. Direct staff to bring East Center Pool Replacement design w/options and preliminary cost estimates to the regular meeting of the Board of Directors on May 26, 2021
2. Provide alternative direction to staff

Staff Recommendation:

Option #1

Recommended Motion:

NA

Attachments:

- East Center Pool, Spa and Deck Replacement Cost Estimate 4/22/2021
- EC Pool, Spa and Deck Replacement Options
- Excerpt from East Center Pool and Spa Exhibit Presented at the March 17 BOD Work Session



22 April 2021

Green Valley Recreation
1070 S. Calle de las Casitas
Green Valley, AZ 85614

ATT: David Jund 520-625-3440

RE: East Center Swimming Pool & Spa Replacement Preliminary Cost Estimate

Dear David,

We have collaborated with two qualified commercial swimming pool contractors regarding this cost estimate.

The two companies are Shasta Commercial and Olympic Pools out of Scottsdale and Cimarron Circle Construction out of Tucson.

The consensus of the two estimates are a price of \$695,000. This does not include the demo cost, geotechnical investigation, bonds and/or taxes.

This is assuming the standard pool shell steel schedule and thickness. This could change pursuant to the geotechnical investigation that would occur after the existing pool shell is removed. Both contractors excluded any re-landscaping of the area/path they would need to use for access through the edge of the golf course.

We understand more investigation will be needed as the construction documents are developed regarding the gas line. We have not included monies to resolve any issue with gas service to the pool/spa heaters.

The current design is based on a skimmer style pool.

Pool Data:

Capacity 94,250 gallons
Surface area 2,250 sf
Perimeter 216'
Depth 3'6" to 4' to 8'6"

Min turnover rate is 196gpm, 8 hours
Designed turnover rate is 315gpm, 5 hours

Spa Data:

Capacity 2,240 gallons

Surface area 119 sf

Perimeter 48'

Depth 36"-42"

Min turnover rate is 75gpm, 30 minutes

Designed turnover rate 90 GPM, 25 minutes

Deck Data:

Deck area 6,011sf

Please feel free to comment on the specified information with questions, comments, or concerns.

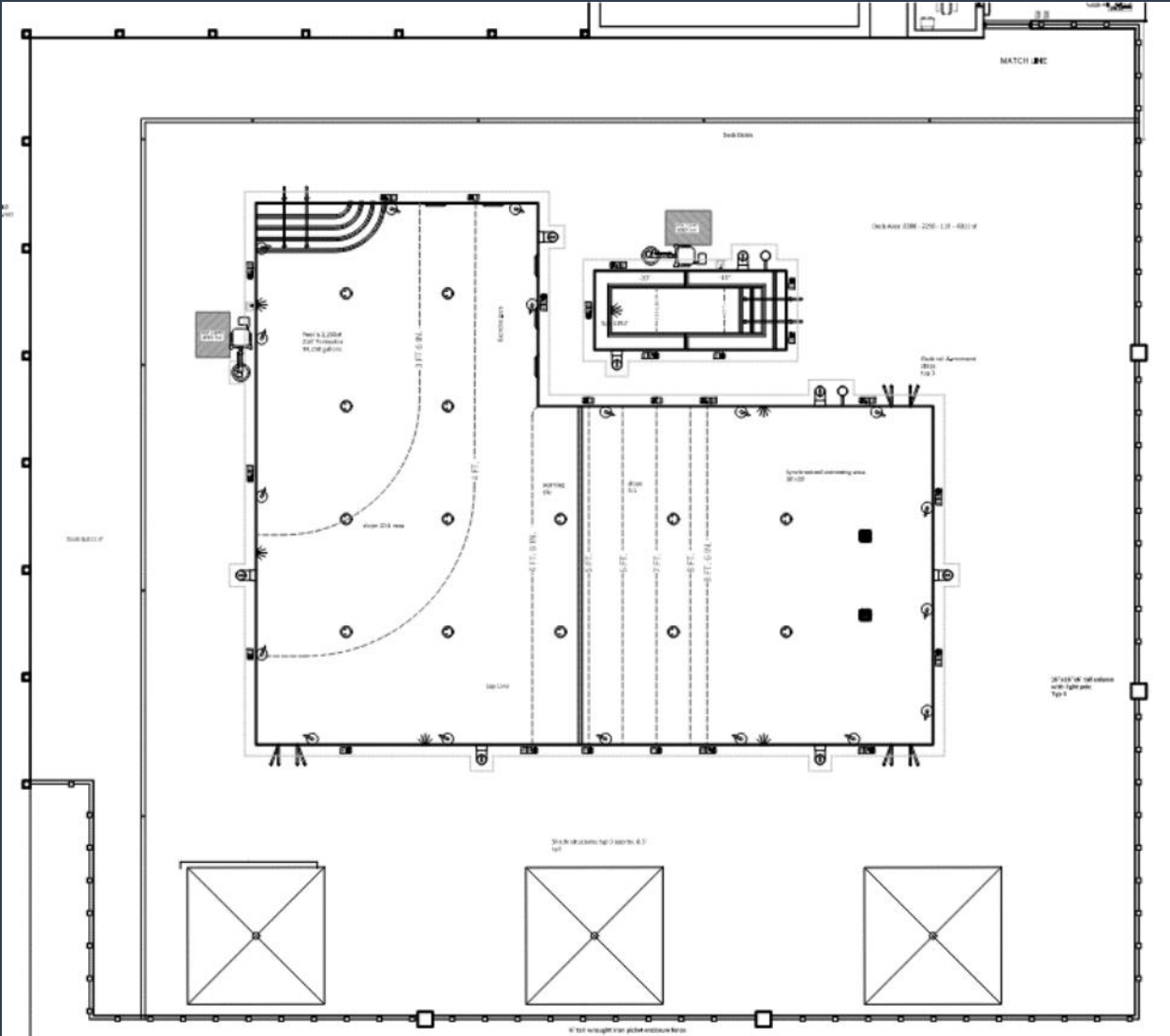
I can be reached here in the office at 520-219-8929 or via email at:

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'D' followed by a horizontal line and a small flourish.

David Acklin

Option #1



Estimated Construction Cost: \$695,000

Option #3

Estimated Construction Cost: \$500,000

- The pool would become 33% smaller (from 2,250sf to 1,500sf).
- The spa would become 33% smaller.
- The deck would remain at 6,075sf.
- To allow for the smaller pool planting spaces would be designed in.
- The Clear Comfort systems could be deleted.
- In lieu of eliminating the Clear Comfort systems, one of the three shade structures may be removed from the design.



Excerpt from East Center Pool and Spa Exhibit presented at the March 17, 2021 Work Session of the Board of Directors

Background Justification:

Staff recommendation for a pool and spa replacement

Based on feedback from meeting with neighbors and users of East Center pool, programming needs and GVR's most recent pool construction project, the staff recommends the following:

- A 30'x60' pool with a 3' deep 18' x 25' attached side pool
- Design the side pool as a therapy pool with lift chair access, exercise bars and amenities
- The synchronized swimming area shall be approx. 20' x 20' x 8.5'
- The main pool depth to be 3'-8" sloped to a 5' depth before the break line to the deep area of the pool
- One full length swim lane
- Recessed stainless steel steps in the wall of the pool
- Skimmer system
- Improved deck lighting
- 2 cantilevered shade structures
- Widen the deck to the south
- 14-person capacity spa