



# The Landings Yacht, Golf & Tennis Club

## Board of Directors Budget Presentation Meeting – August 5, 2016

- The Budget Presentation Meeting was called to order at 9:00 A.M. in the Main Deck of the Helm Club.
  - Quorum was established.
  - Proper Notice was given to all members.
- Attendees:

Ariel	Marie DePaula	(Teleconference)
Clipper Cove	Margie Steck	(Teleconference)
Flagship	Brad Davidson	(Teleconference)
Harbortown	Arlene R. Foreman	
Lighthouse	John Leonette	
Longboat	Rick Bair	
Mariner's Cove	Denis Fourgeau-Ciers	
Schooner	Grover Moore	(Teleconference)
Steamboat Bend	Marcia Mahood	(Absent)
Steamboat Bend East	Bill Paterson	(Teleconference)
Sunset Cove	Paul Friedl	(Teleconference)
Sunset Harbor	Steve Scharber	(Teleconference)
Trawler	Tim Dennison	(Teleconference)
Windjammer	Gary Suhadolnik	(Teleconference)
General Manager	Doug Marcotte	
Executive Assistant	Rosana de Bruyn	
- Reports
  - Introduction to Budgetary Process for 2016-2017 and Finance Committee – D. Fourgeau-Ciers noted increase of cost of living and offered historical dues information. Explained how the budget process starts; from starting with the department heads and General Manager, General Manager review with Coral Hospitality, presentation to the FC, through presentation of the budget to the BOD. Provided highlights in departments and explained increases/changes. Reported that the finance committee recommends adoption of the new budget. Shared that a new audio tower will be installed soon in the Main Deck.
  - Presentation of 2016-2017 Budget – D. Marcotte – Drawing on input from the general membership, committee members, the Board, and Management, a budget has been prepared that reflects a conservative approach. Budget was presented to the Finance Committee and approved to be presented to the Board of Directors. (Report attached)
- Motions
  - 08-16-01 Budget Mailing to Members
    - Maker: D. Fourgeau-Ciers Second: G. Suhadolnik
    - Rationale: The 2016-2017 Operating and Reserve Budgets have been reviewed and approved by the General Manager, Coral Management, and the Finance Committee for presentation to the Board. The proposed monthly dues are as follows: the Landings dues (all villages except Riverside) will increase to \$395.00, and Riverside dues will increase to \$318.17. The final budget will be approved at the September 2016 Board Budget Approval Meeting.
    - NOW, THEREFORE, BE IT RESOLVED that, the Board of Directors approves that a copy of the proposed 2016-2017 budget, and the date & time of the September 2016 Budget Approval Board Meeting be mailed to the membership in August 2016, **reflecting additional detail of the new projects planned from the reserve budget.**

- Motion amended by A. Foreman, and seconded by G. Moore, and passed to include “reflecting additional detail of the new projects planned from the reserve budget.”
- ROLL CALL VOTE: Yes: R. Bair, B. Davidson, T. Dennison, M. DePaula, A. Foreman, D. Fourgeau-Ciers, P. Friedl, J. Leonette, G. Moore, B. Paterson, S. Scharber, M. Steck, G. Suhadolnik.  
Absent: M. Mahood
- MOTION PASSED

- Adjournment

- Budget Presentation Meeting adjourned at 10:05 A.M.

\_\_\_\_\_  
M. Mahood, Secretary

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

\_\_\_\_\_  
R. Bair, President

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

\_\_\_\_\_  
A. Foreman, “Acting Secretary” for Budget Presentation Meeting

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

## **Presentation of 2016-2017 Budget – Doug Marcotte**

I am pleased to provide you with the preliminary 2017 Landings Yacht, Golf and Tennis Club budget.

As you can see, the preliminary budget shows a Profit of \$782,745 before Interest, Debt Service, Depreciation and Amortization, and a Net Loss before Depreciation and Amortization of (\$9,521). This INCLUDES an Operating Dues increase of \$7.00 per month per member, as recommended by management and the Finance Committee. The increase totals \$97,548 per annum, with the current operating dues amount of \$282.49 increasing to 289.49, or 2.48%. The budget is based on 1,127 LYGTC members and 40 Riverside members. The budget last year before Depreciation and Amortization was a NET LOSS of (\$15,404).

### **The Philosophy:**

As always, we approached this year's budget with the understanding that there may be certain issues and costs that may have changed in the prior year and that this budget would reflect those costs associated with resolving any issues or changes. We are also well aware that economic conditions continue to be somewhat uncertain, and that managing our club expenses and minimizing the resulting costs to members is important while striving to maintain a respectful level of service, facility and product maintenance, and a financially healthy Club.

In preparing the budget, we have taken into account input received from the general membership during the year, input from various committee members from past meetings, the Board and management as well. The budget should again continue to reflect a conservative approach.

### **The Format:**

The budget is similar to the past Landings formats and financial statements. The budget is in department order following the income statement summary. Each department section begins with a brief Narrative and Variance Report which explains any line variance exceeding plus-or-minus \$1,000, the departmental Budget Summary page and the Forecast. The insurance summary shown is for the *current year* ending for estimating purposes only as it is too early for us to get quotes. The "Reserve Budget" is included separately and will be discussed at the conclusion of the general operating budget portion of the Board meeting.

### **Payroll:**

This year we look to cap the total payroll increase for the club at no more than 3% over 2016. Some seasonal or part time positions do not need to be increased, some employees are new and will not receive an increase until the next budget year (Oct. 2017), and those that are budgeted to receive increases where earned, either from merit or wage adjustments to remain competitive in the marketplace to attract employees, were capped at the combined 3%. An employee may receive more than a 3% increase if so rated, but in no case will the entire club payroll exceed 3% over 2016.

As for Department Directors salaries, all have been calculated for the preliminary budget at 3% increases unless noted in the payroll section. Once the General Manager completes annual reviews, the recommended increases for Directors are then presented to, and reviewed by, the Board for approval. The actual increase request could be more or less than 3% for an individual but would be expected to remain at 3% collectively (total payroll). Some may or may not increase as commissions may be expected to represent a reasonable increase and incentive if appropriate, but final determination lies with the General Manager and the Board.

Total departmental payrolls also reflect the reasonable assumption that certain position vacancies during the year (unplanned) would this year be filled as normally expected. This will account for larger variances year over year mainly in Golf Course Maintenance and Food and Beverage. The only positions added this new budget year is in Tennis by bringing the third tennis pro, currently a contract employee, on to payroll to be part time shop attendant and part time tennis pro.

## **Burden and Employee Benefits:**

Employee benefit costs are based either on history or known facts.

Burden – includes payroll taxes, workers compensation, and administration costs for comp, health, and HR support via Fortune.

Workers Comp: Based on current loss reports, we expect our W/C rates to remain flat.

Health Insurance: Cost continues to increase and we have used an estimate of a 7% increase this year as budgeted.

Employee Meals: No changes in amount charged per 6-hour equivalent employee. Food and Beverage department is the only department with meals provided. All other employees receive a discount on menu prices, as has been the practice in the past.

Bonus: The bonus shown in Administration and General is the annual Holiday Bonus fund (all employees) plus an estimate for the annual GM bonus.

Personnel Hiring Costs: If budgeted, costs solely reflect the cost to hire an employee. Contains advertising if needed, new-hire drug testing, and background checks (all new hires, including re-hire).

**Cost of Sales:** Overall food cost is forecasted to be 40.7% and beverage cost to be 32.6%. We have budgeted food cost to be 41.0% and beverage cost to be 32.0% respectively. We have kept the marina cost of sales flat from a forecast of 77.3% to 77.5%. Tennis cost of sales is forecasted to be 76.1% and budgeted to be 76.2%, flat year over year. Golf cost of sales is forecasted to be 70.9% and budgeted to be 71.0%, also flat year over year.

**Other Expenses:** As noted on the Narrative Variance Reports.

## **MAJOR NOTES:**

General Insurance costs were increased 7% from 2016 for the preliminary budget. This is an estimate as proposals from insurance carriers are still in process and pending.

Miscellaneous Income in the preliminary budget INCLUDES a recommended increase in OPERATING dues of \$7.00 per month per member. There are currently 1,127 LYGTC memberships and 40 Riverside memberships.

We added one new position in Tennis this year, bringing the contract third pro on staff full time, splitting hours between teaching and the shop. A portion of this persons lessons remain with the club, helping to somewhat offset the cost of hours performed in the shop.

Marina revenues are shown to drop in Merchandise Services due to some special orders for engine repairs this year, and are unusual and not expected to repeat to this extent. The same goes for Subcontract work, the high volume of which depends on recent large projects, so we have moderated revenues there somewhat as well. We are still budgeting healthy sales historically otherwise.

In utilities, we expect County water rates to increase 3% over 2016 but have also seen a decline this year in usage due to some leak repairs and improved monitoring. We do not anticipate an increase in electrical rates.

Please feel free to contact me at any time.