



Town Hall Meeting 2023 Budget Draft III

Presented by

Linda Brown, Interim Transition Manager

Board of Directors

Finance Committee

October 8, 2022

Welcome and Introductions

Budget Process

- 6/09 Notice to the Board the budget process is beginning
- 7/08 Budget Guidance and Overview Memo for Managers & Committee Chairs
- 8/15 Returned Budget sheets to GM
- 8/19 Return Reserve Schedules
- 8/19 Meet with Department Heads to review their capital outlay, expenses, and fee schedule
- 8/25 Meet with Department Heads to go over submitted updates to Reserve Schedule
- 9/02 Draft I Budget distributed
- 9/07 Department Head meeting to review their departments budget with GM and FC
- 9/15 Preliminary Reserve Schedule completed
- 9/16-28 Preliminary Surplus/Deficit rollover estimation
- 9/30 Draft II distributed
- 10/06 Draft III distributed
- 10/08 Town Hall meeting ← **We are here**
- 10/15 Board Meeting/Approval
- 10/19 Final Budget distributed
- 11/01 Mail budget to Membership

2023 Budget Adopted by Board (10/15)

Budget Principles

- Realistic & Fiscally Responsible
- Protecting/Preserving Member Value
- Maximize Revenue/Value
- Minimize Expenses/Level of Service
- Diverse Community and Members
- Needs Vs. Wants

End Results



It's a Matter of Balance!

2022 - 2023 Challenges and Rough Estimates

- **8% Inflation –**
 - General increase in all areas including wages
- **Property Insurance –**
 - \$261,100 increase @ \$143 per lot
- **Wages Increase –**
 - Minimum Wage increase Jan 2023
 - We increased wages for staff
- **Deferred Maintenance on LACC Property and Equipment**
 - Due to Covid and the Dixie Fire

Near-Term Reserve Expenditures Needs (Rough 2 - 5 Year Plan)

Item of Consideration	Estimated Cost (\$000's)	Comments
Roads	\$1,000-2,000	No work done in 2021/2022
Drainage/Ditches	\$100-200	Annual review of most important drainage needs
Administration Office	\$50-150	Landscape/Building Updates
Recreation Planning – Rec 1, 2 and 3	\$100-400	Dock, launch ramp, walkway updates
Recreation Planning – Tennis/Pickleball Court	\$50-150	Resurface/replace failing courts
Golf Cart Replacement	\$60-120	Replacing 10 carts in 2022; remaining timing TBD
Clubhouse Maintenance	\$80-100	Address kitchen drainage, AC issues
Golf Maintenance – Equipment Replacement	\$100-300	Goal to extend life of current equipment and stay on low end of range.
General Maintenance – Equipment Replacement	\$100-300	
Security – Equipment Replacement	\$10-200	Lighting/camera/vehicle replacement if needed
Total Estimated Costs	\$1,650-3,920	

LACC Reserve Study Process

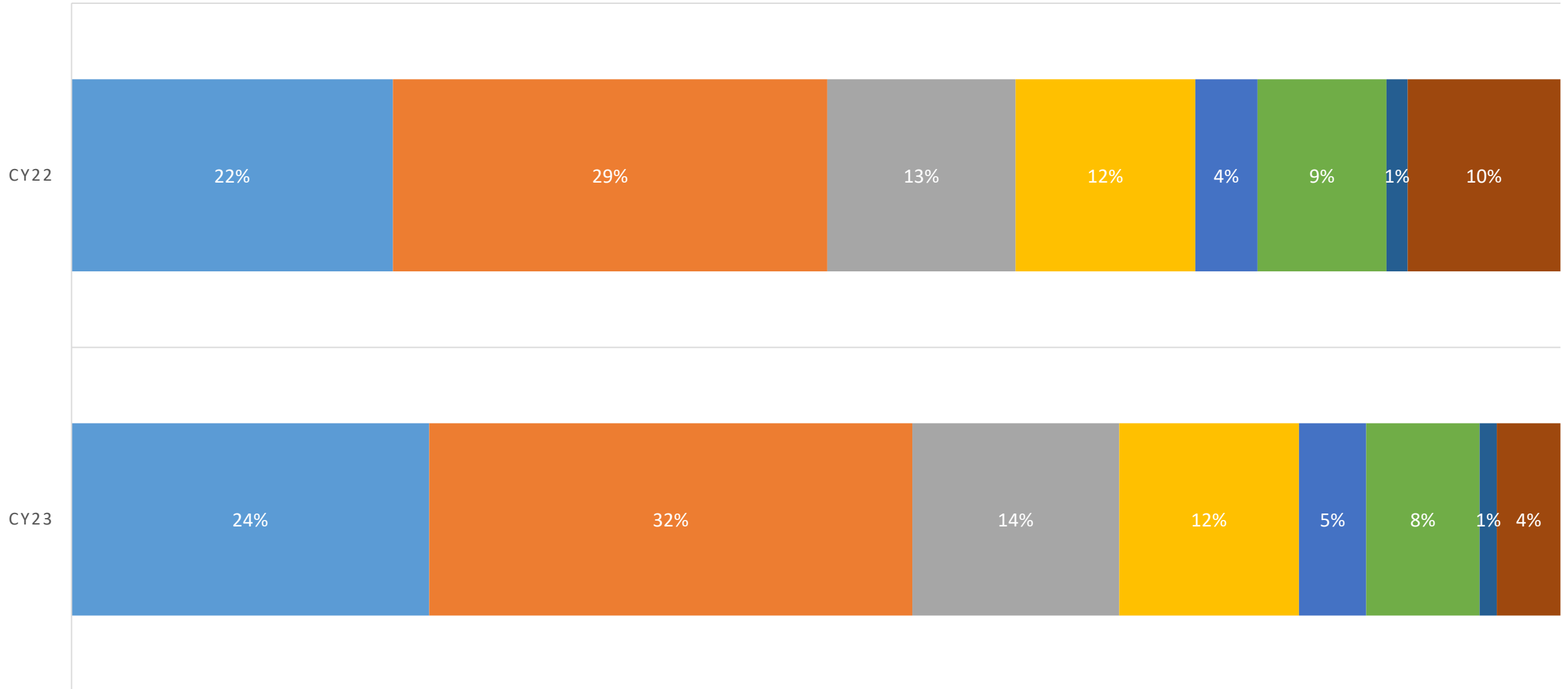
- Provides 30 year forecast of LACC's costs to repair and replace existing LACC equipment and facilities
 - Compares these costs to funds set aside "Reserve Fund" to cover such costs
- Required by California law, prepared by Browning Group
- Finance Committee and LACC management made internal updates to the 12/31/21 study to prepare the CY23 budget
 - The Browning Group will officially update the internally revised reserve study in the beginning of 2023
- **Takeaways:**
 - Current funded level: 15% of 30-year projected cost
 - Goal funded level: 50-70% of 30-year projected cost
 - Need to increase reserve funding

Budgeted Cost Comparison 2023 vs 2022

Spend Category	2023	2022	YOY Change	Comments
Employee/Operational Costs	\$2,195,950	\$2,010,000	\$185,950	Wage inflation
Employee Costs – F&B	66,900	239,300	(172,400)	Restaurant costs decrease due to concessionaire plan
Reserve Funding	1,241,000	1,077,000	164,000	Increase reserve % funded
Fire Safety	150,000	300,000	(150,000)	Grants received offset LACC's direct costs
Insurance	473,600	212,500	261,100	Increase due to Dixie Fire
Repairs/Maintenance	153,000	164,425	(11,425)	
Supplies	139,300	136,400	2,900	
Utilities	112,900	89,875	23,025	
Cost of Goods Sold	99,300	218,900	(119,600)	Restaurant costs decrease due to concessionaire plan
Accounting/Consulting	59,500	38,700	20,800	
Gas & Oil	57,300	44,700	12,600	
Capital Expense	50,000	91,000	(41,000)	Rec 2 beach expansion
Janitorial	40,000	32,700	7,300	
Legal	32,000	53,000	(21,000)	
Taxes	29,000	25,000	4,000	
Credit Card Fees	26,300	31,300	(5,000)	
Other	241,350	225,073	16,277	
Total Costs	\$ 5,167,400	\$4,989,873	\$177,527	

BUDGETED COSTS BY DEPT AS A % OF TOTAL COSTS - 2022 VS 2023

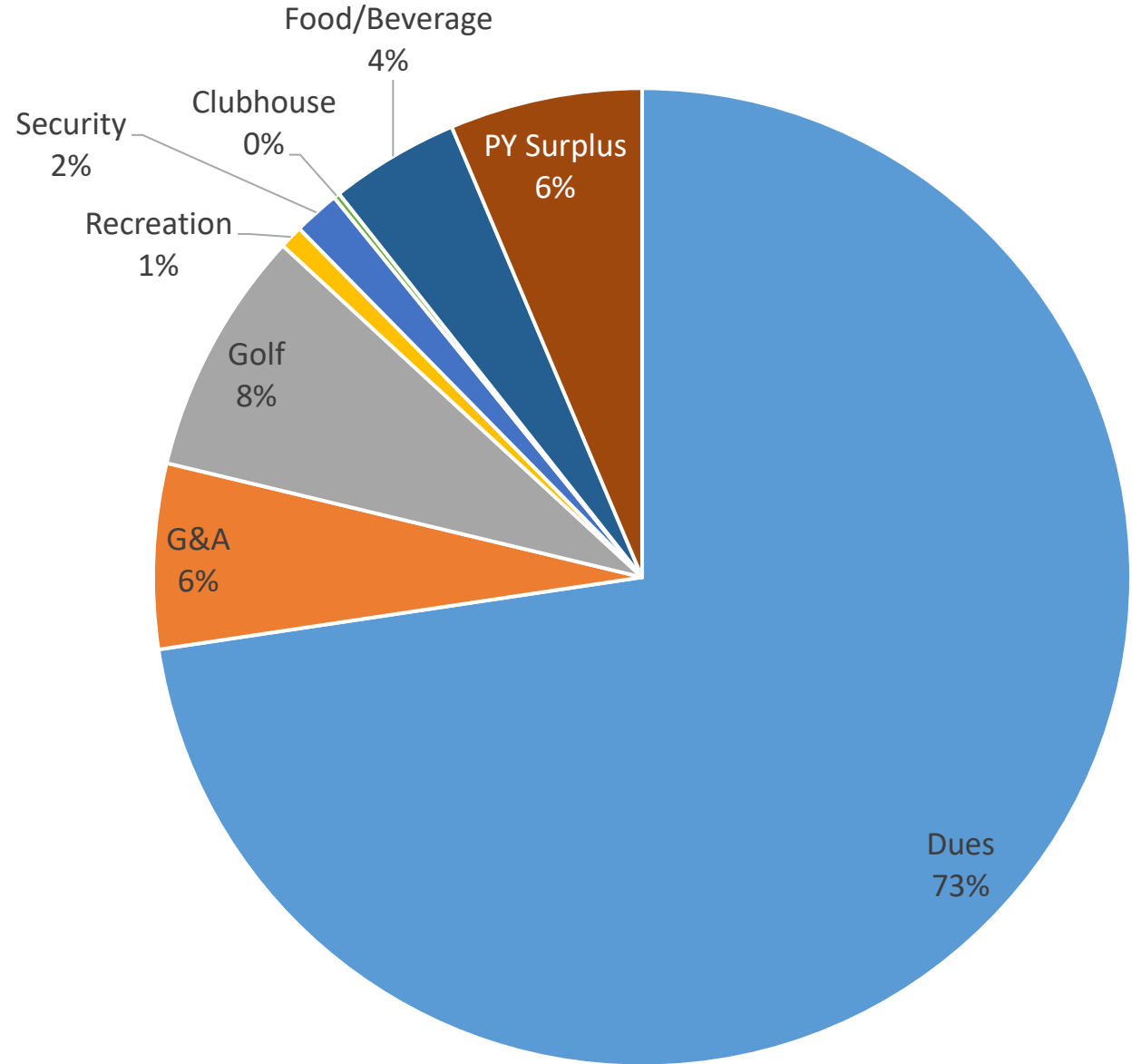
Reserve G&A Maintenance Golf Recreation Security Clubhouse Food/Beverage



Budgeted Revenue

2023 Dues	\$2,050
2022 Dues	1,800
Increase (12.1%)	\$250

Department	2023	2022	Change
Dues (increase)	3,753,550	3,295,800	457,750
G&A	315,850	299,100	16,750
Golf	419,000	389,600	29,400
Recreation	40,000	40,400	(400)
Security	78,500	84,600	(6,100)
Clubhouse	10,500	11,000	(500)
Food/Beverage	221,000	512,400	(291,400)
PY Surplus	329,000	356,973	(27,973)
Total	5,167,400	4,989,873	177,177



Dues Increase Considerations

- Dues subsidize cost of LACC amenities, so we don't have to rely on non-member usage of facilities
 - More non-member usage = more external revenue, but less availability of club resources to LACC members
- Looking at ways to increase revenue
 - % of revenue from restaurant/bar concessionaire
 - Optimize volume/type of merchandise offered in golf shop
 - Raise fees on certain amenities where it makes sense to be more "self sustained" by users
 - Options for food sales at Rec 1 and/or Rec 2
- Looking at ways to streamline costs
 - Use technology already available to us to simplify processes and reduce costs
 - Insurance shopping
 - Cost rationalization of every budget account
 - Cost rationalization of low use, high-cost equipment

QUESTIONS

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