



AGENDA

Fiscal Affairs Committee Meeting
Tuesday, February 20, 2024
1:30 PM – West Center, Room 2 and Zoom

GVR's Mission Statement: *“To provide excellent facilities and services that create opportunities for recreational, social activities, and leisure education to enhance the quality of our members’ lives.”*

Finance Committee Members: Jim Carden, Treasurer and Chair, Carl Charette, Nellie Johnson, Joe Magiola, Pat Reynolds, Steve Reynolds, Lanny Smith, Dick Sutherland

Attendees: David Webster, CFO, Marge Garneau, President and Member ex officio, Scott Somers, CEO

1. Call to Order/ Roll Call/ Quorum
2. Review/accept minutes from the meeting of January 16, 2024.
3. Chair comments
4. Financial Report for January 2024
5. Del Sol Café Business Plan & Survey Nellie Johnson
6. New Business
7. Member comments
8. Adjourn

Next Meeting: March 19, 2024



MINUTES

Fiscal Affairs Committee

Tuesday, January 16, 2024

1:30pm – 3:00pm MST

West Center Room 2 / Zoom

Committee: Jim Carden (Chair), Carl Charette, Nellie Johnson, Joe Magliola, Pat Reynolds, Steve Reynolds, Lanny Smith, Dick Sutherland, Marge Garneau (President), Scott Somers (CEO), David Webster (CFO/Liaison), Howey Murray (Controller)

Board Members present: Kathy Bachelor

1. **Call to Order / Roll Call - Establish Quorum**
2. **Review/accept Minutes from meeting November 27th 2023.**
MOTION: Charette moved/Magliola seconded to Approve November 27th Meeting Minutes.
Passed: unanimous
3. **Chair Comments: None**
4. **Staff Reports**
 - a. December negative variance in income is due to under budget MCF fees.
 - b. Appears January 2024 MCF fees will be under budget
 - a. Paused 2024 NRC spending budget of \$237,000
 - c. 2023 surplus projection (\$80,000)
 - d. 2023 Financial reports are preliminary only
5. **Business**
 - a. Update from subcommittee on Del Sol Café business plan
6. **Adjournment:**
MOTION: Sutherland moved/ Reynolds seconded to adjourn the meeting.
Passed: unanimous

Next Meeting: February 20, 2024, 1:30pm-3:00pm WC Room #2.

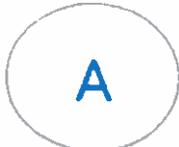


**Fiscal Affairs
Financial Report
As of January 31, 2024**

The enclosed Financial Statements and supplemental schedules provide relevant information Year to Date through January, 2024 and include the financial statements as of January 31, 2024. These statements include the Statement of Financial Position, Statement of Activities, Statement of Change in Net Assets, and Investment Portfolio. It is important to note that final 2024 financial statements cannot be issued until the 2023 audit is completed in March.

- The following table summarizes the January 31, 2024 total year to date Increase in Net Assets based on GVR's 2024 Financial Statements:

Month	GVR 2024			Homes Sold	Budget Variance	
	Operating Increase Net Assets	Unrealized Gains on Investments	Total Increase in Net Assets		Income Variance Favorable (Unfavorable)	Expense Variance Favorable (Unfavorable)
Jan-24	\$145,243	\$20,176	\$165,419	62	(\$58,362)	\$124,803
Feb-24			\$0			
Mar-24			\$0			
Apr-24			\$0			
May-24			\$0			
Jun-24			\$0			
Jul-24			\$0			
Aug-24			\$0			
Sep-24			\$0			
Oct-24			\$0			
Nov-24			\$0			
Dec-24	\$0	\$0	\$0	0	\$0	\$0
Total YTD '24	\$145,243	\$20,176	\$165,419	62	(\$58,362)	\$124,803



- While the preceding table illustrates the performance for the year 2024 according to the Financial Statements, it does not include any reduction for the necessary funding from Operations for Reserve Funds that are included in GVR's 2024 budget.
- There were 62 Home Resales during the month of January. This number of sales is 24 (28%) less than budgeted for January and 13 less than January of the prior year. GVR offsets these sales with an allowance for Membership Change Fee Refunds for Members who transition from a primary residence. The Property Report is on page 9 and the current allowance is \$211,750 (page 2). The following graph illustrates the actual compared to the monthly budgeted number of home sales with actual sales updated through January, 2024.



- The January 2024 Statement of Financial Position (page 2) reports the Total Net Assets to be \$32,731,826 which is a \$165,418 increase for the year (page 2 and 3) and includes \$20,176 of Unrealized Gains on Investments for January 2024 year to date.
- The January 31 Operational cash on hand is \$691,780 (page 2). When combined with Operational Cash Investments in both JP Morgan accounts, total Operational Cash

equals \$6,170,906, which is a \$207,924 increase during the month of January. The cash projections for 2024 are on pages 6 and 7.

- The Net Fixed Assets are \$21,726,856 as of January 31, 2024 (page 2). Total net Capital Purchases for the year to date are \$261,300. The summary report of the Capital Projects is included on page 8.
- Total Current Liabilities are \$8,020,057 (page 2). This includes 11 months of Deferred Dues revenue for 2024.
- Designated Net Assets equal \$11,667,396 (detailed on pages 4 – 5) which reflects a net increase of \$1,366,779 for the month of January, 2024. This significant increase includes the funding of MRR and MRR-B for 2024. The year to date net unrealized investment gain on investments are \$20,176 and are included in these balances.
- The Statement of Activities (page 3) indicates that Total Year to Date Revenue is \$1,053,956 which is 5% under budget and 6% better than the prior year. The primary driver of this negative variance is the Capital Revenue being under budget due to the lower than predicted sale of homes year during January 2024.
- The Cash Requirements Reports for 2024 are included on pages 6 through 7. GVR's cash collections and Operating Cash balances are reasonable as projected.
- The total expenses for the year are \$908,713 which is \$124,803 (12%) under budget and 4% less than the prior year (page 3). The following is a high-level summary of the amounts and percentage variance to budget for the year to date January 31, 2024:

EXPENSES YTD JANUARY 2024

<u>Expense Category</u>	<u>Total Expenses</u>	<u>Variance Pos. (Neg.)</u>	<u>%</u>	<u>Summary</u>
Facilities & Equipment	305,088	28,229	8%	Utilities are over budget in January by 22% (primarily gas)
Program Expenses	68,800	10,021	13%	Bank and credit card fees are 32% under budget for January
Communications	14,657	10,568	42%	Printing is under budget for January
Operational Expenses	32,688	22,053	40%	Supplies are 44% under budget for January
Corporate Expenses	49,897	30,892	30%	Professional fees are 43% under budget for January
Personnel & Benefits	<u>437,583</u>	<u>23,040</u>	5%	Wages 3% under budget. Benefits 5% under budget.
TOTAL EXPENSES	<u>908,713</u>	<u>124,803</u>	<u>12.0%</u>	

The FAC Subcommittee Business Plan and Survey for the Del Sol Clubhouse Café are attached for review.

D



GREEN VALLEY RECREATION, INC.

Green Valley Recreation, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying pages are the Financial Reports for January 31, 2024. The four statements

Statement of Financial Position.

This is also known as a Balance Sheet or the Statement of Net Assets.

Statement of Activities

Also known as an Income and Expense statement. This report shows the types of Income, the categories of expense and the unrealized Investment Market changes for the year to date. The bottom line in this report is the net for all the reserve accounts maintained by GVR.

Statement of Changes in Net Assets

This report displays the financial activity of the four reserves that make up the Net Assets of Green Valley Recreation. These reserves are:

Unrestricted - These net assets include the Fixed Assets (land, buildings and equipment), undesignated current assets less the current liabilities and deferred revenue items.

Emergency - Designated by the Board of Directors, this reserve is held to provide liquidity when needed for operational emergencies.

Maint - Repair - Replacement - designated by the Board of Directors, this reserve is the accumulation of assets in support of the Reserve Study which is mandated for Common Interest Realty Associations like Green Valley Recreation. Annual amounts are budgeted and transferred into this reserve for the purposes of the name of this reserve.

MRR-B Pools and Spas - Board designated reserve for end of life replacement of Pools and Spas

Initiatives - This reserve is designated by the Board of Directors to help with the funding for new programs that evolve from member interests and demands. Innovation in programming enables GVR to respond to member expectations.

Investment Portfolios

This report displays the market values of investments at the beginning of the year, the dollar amounts of changes that occurred from January 1st to the date of the financial statements. The unrealized gain or loss on market value changes is shown on a separate line to result in the market value of investments as of the reporting month end. The investments related to each of the Reserves (Unrestricted and Designated) are included in separate columns.



Green Valley Recreation, Inc.
Statement of Financial Position
As of Date: January 31, 2024 and Dec 31, 2023

	January 31, 2024	Dec 31, 2023
	Total	Total
ASSETS		
Current Assets		
Cash/Cash Equivalents	687,320	2,599,548
Accounts Receivable	1,003,320	160,968
Prepaid Expenses	184,509	218,015
Maintenance Inventory	22,003	22,003
Designated Investments (Charles S./SBH)		
Emergency - Fund	563,406 ⁽¹⁾	560,194 ⁽¹⁰⁾
MRR - Fund	8,347,416 ⁽²⁾	7,175,602 ⁽¹⁰⁾
Initiatives - Fund	1,643,301 ⁽³⁾	1,750,056 ⁽²⁰⁾
Pools & Spas - Fund	1,113,273 ⁽⁴⁾	814,765 ⁽²¹⁾
Total Designated Investments (CS/SBH)	11,667,396 ⁽⁶⁾	10,300,617 ⁽²²⁾
Undesignated Invest. (JP Morgan Long Term)	1,707,776 ⁽⁸⁾	1,699,386 ⁽²³⁾
Undesignated Invest. (JP Morgan)	3,771,350 ⁽⁷⁾	1,767,892 ⁽²⁴⁾
Investments	17,146,522 ⁽⁹⁾	13,767,895 ⁽¹⁶⁾
Total Current Assets	19,043,673	16,768,429
Fixed Assets		
Contributed Fixed Assets	18,017,085	18,017,085
Purchased fixed Assets	31,265,336	31,004,036
Sub-Total	49,282,421	49,021,121
Less - Accumulated Depreciation	(27,555,565)	(27,455,527)
Net Fixed Assets	21,726,856 ⁽¹¹⁾	21,565,593 ⁽¹²⁾
Operating Lease ROU, Net of Accum. Amortization	467	467
Finance Lease ROU, Net of Accum. Amortization	111,355	111,355
Total Assets	40,882,352	38,445,844
LIABILITIES		
Current Liabilities		
Accounts Payable	714,963	738,655
Deferred Dues Fees & Programs	6,977,109	4,533,756
Accrued Payroll	72,811	220,640
Compensation Liability	-	-
MCF Refund Liability	211,750	211,700
In-Kind Lease Liability - Current	3,666	(0)
Operating ROU Liability - Current	439	439
Financing ROU Liability - Current	39,319	39,319
Total Current Liabilities	8,020,057	5,744,509
In-Kind Lease Liability - LT	50,667	50,667
Notes Payable	-	-
Financing ROU Liability - LT	84,261	84,261
Total Long Term Liabilities	134,928	134,928
TOTAL NET ASSETS	32,727,366 ⁽¹⁰⁾	32,566,408 ⁽¹⁷⁾
NET ASSETS		
Temporarily Designated		
Board Designated		
Emergency	563,406 ⁽¹¹⁾	560,194 ⁽²⁰⁾
Maint - Repair - Replacement	8,347,416 ⁽¹²⁾	7,175,602 ⁽²⁰⁾
Initiatives	1,643,301 ⁽¹³⁾	1,750,056 ⁽²⁶⁾
Pools & Spas	1,113,273 ⁽¹⁴⁾	814,765 ⁽²¹⁾
Sub-Total	11,667,396 ⁽¹⁶⁾	10,300,617
Unrestricted Net Assets	20,899,012	22,265,791
Net change Year to-Date	160,958 ⁽¹⁸⁾	-
Unrestricted Net Assets	21,059,970 ⁽¹⁷⁾	22,265,791
TOTAL NET ASSETS	32,727,366	32,566,408



Green Valley Recreation, Inc.
Summary Statement of Activities

Preliminary

YTD Period: 1 month period ending January 31, 2024

FY Budget Period: Jan 1, 2024 - Dec 31, 2024

	PRIOR YEAR COMPARISON					BUDGET COMPARISON					Fiscal Year Budget	Remaining FY Budget
	2023 YTD Actual	2024 YTD Actual	Year to Year Variance	%		YTD Actual	YTD Budget	YTD Variance	%			
Revenue												
Member Dues	588,607	595,471	6,865	1%	595,471	584,388	1,078	0.2%	7,132,750	6,537,279		
LC, Trans., Crd Fees	106,487	107,671	1,185	1%	107,671	102,464	5,208	5%	705,637	587,966		
Capital Revenue	175,960	207,438	31,478	18%	207,438	270,388	(62,950)	(23%)	3,039,780	2,832,342		
Programs	14,638	27,192	12,557	86%	27,192	25,217	1,975	8%	92,403	65,211		
Instructional	55,516	82,756	27,240	49%	82,756	66,942	15,814	24%	383,000	310,244		
Recreational Revenue	70,151	109,948	39,797	57%	109,948	92,159	17,789	19%	485,403	375,455		
Investment Income	38,998	18,940	(20,058)	(51%)	18,940	35,455	(16,514)	(47%)	425,458	406,518		
Advertising Income	-	-	-	0%	-	-	-	0%	-	-		
Cell Tower Lease Inc.	3,873	3,996	123	3%	3,996	3,924	72	2%	47,093	43,096		
Comm. Revenue	3,873	3,996	123	3%	3,996	3,924	72	2%	47,093	43,096		
Other Income	7,795	9,022	1,227	16%	9,022	11,532	(2,511)	(22%)	87,072	78,051		
Facility Rent	920	1,135	215	23%	1,135	1,667	(532)	(32%)	20,000	18,865		
Marketing Events	-	-	-	0%	-	-	-	0%	-	-		
In-Kind Contributions	333	333	-	0%	333	333	-	0%	4,000	3,667		
Del Sol Café Revenue	-	-	-	0%	-	-	-	0%	25,000	25,000		
Other Revenue	9,048	10,490	1,442	16%	10,490	13,532	(3,042)	(22%)	136,072	125,582		
Total Revenue	993,124	1,053,956	60,831	6%	1,053,956	1,112,318	(58,362)	(5.2%)	11,972,193	10,918,237		
Expenses												
Major Proj.-Rep. & Maint	31,886	33,506	(1,620)	(5%)	33,506	43,534	10,028	23%	489,203	455,697		
Facility Maintenance	9,838	22,345	(12,508)	(127%)	22,345	35,289	12,943	37%	405,251	382,906		
Fees & Assessments	4,424	30	4,394	99%	30	535	505	94%	5,000	4,970		
Utilities	113,821	123,851	(10,029)	(9%)	123,851	101,181	(22,670)	(22%)	1,000,134	876,283		
Depreciation	116,663	100,038	16,625	14%	100,038	111,313	11,276	10%	1,275,000	1,174,962		
Furniture & Equipment	17,969	15,472	2,497	14%	15,472	33,298	17,826	54%	268,945	253,473		
Vehicles	7,081	9,847	(2,756)	(39%)	9,847	8,168	(1,679)	(21%)	98,000	88,153		
Facilities & Equipment	301,691	305,088	(3,397)	(1%)	305,088	333,317	28,229	8%	3,541,533	3,236,445		
Wages	333,156	334,041	(884)	(0%)	334,041	345,408	11,368	3%	4,047,812	3,713,771		
Payroll Taxes	30,008	18,150	11,858	40%	18,150	25,756	7,606	30%	323,634	305,483		
Benefits	89,752	85,392	4,360	5%	85,392	88,458	4,066	5%	964,545	879,152		
Personnel	452,916	437,583	15,334	3%	437,583	460,623	23,040	5%	5,335,990	4,898,407		
Food & Catering	467	600	(133)	(29%)	600	1,437	837	58%	21,386	20,786		
Recreation Contracts	42,711	33,867	8,844	21%	33,867	36,321	2,454	7%	348,865	314,818		
Bank & Credit Card Fees	35,802	34,333	1,269	4%	34,333	41,062	6,730	16%	77,000	42,667		
Program	78,780	68,800	9,980	13%	68,800	78,821	10,021	13%	447,071	378,271		
Communications	10,438	13,860	(3,422)	(33%)	13,860	10,519	(3,341)	(31%)	96,023	82,163		
Printing	5,248	507	4,741	90%	507	12,246	11,739	96%	103,183	102,876		
Advertising	3,298	290	3,008	91%	290	2,460	2,170	88%	17,820	17,630		
Communications	18,984	14,657	4,327	23%	14,657	25,225	10,568	42%	217,126	202,469		
Supplies	30,179	28,045	4,134	14%	28,045	46,908	20,863	44%	558,587	532,542		
Postage	-	816	(816)	0%	816	202	(614)	(304%)	17,922	17,106		
Dues & Subscriptions	(543)	100	(643)	118%	100	636	536	84%	17,091	16,991		
Travel & Entertainment	(268)	-	(268)	100%	-	400	400	100%	1,600	1,600		
Other Operating Expense	(3)	5,728	(5,731)	164,214%	5,728	6,596	868	13%	113,884	108,157		
Operations	29,364	32,688	(3,324)	(11%)	32,688	54,742	22,053	40%	709,084	676,396		
Information Technology	4,903	4,741	161	3%	4,741	14,010	9,269	66%	136,781	132,040		
Professional Fees	32,503	14,999	17,504	54%	14,999	26,388	11,389	43%	213,816	198,817		
Commercial Insurance	28,197	30,157	(1,960)	(7%)	30,157	29,568	(589)	(2%)	354,812	324,655		
Taxes	(276)	-	(276)	100%	-	1,083	1,083	100%	33,000	33,000		
Conferences & Training	434	-	434	100%	-	7,949	7,949	100%	34,127	34,127		
Employee Recognition	688	-	688	100%	-	1,792	1,792	100%	21,500	21,500		
Provision for Bad Debt	-	-	-	0%	-	-	-	0%	-	-		
Corporate Expenses	66,429	49,897	16,532	25%	49,897	80,789	30,892	38%	794,036	744,138		
Expenses	948,164	908,713	39,451	4%	908,713	1,033,516	124,803	12.1%	11,044,839	10,136,126		
Gross Surplus(Rev-Exp)	44,961	145,243	100,282	223%	145,243	78,802	66,441	84%	927,354	782,111		
Net Gain/Loss on Invest	308,945	20,176	(288,770)		20,176	-	20,176		-	(20,176)		
Net from Operations	353,906	165,418	(188,488)	(53%)	165,418	78,802	86,617		927,354	761,936		



Green Valley Recreation, Inc.
Statement of Changes in Net Assets
As of Date: January 31, 2024 and Dec 31, 2023

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replacement Reserve Fund	Initiatives Reserve Fund	Pools & Spas Reserve Fund
		Unrestricted	Fixed Assets				
Net change in net assets-GVR	160,958 ⁽¹⁴⁾	160,958	-	-	-	-	-
Transfers between unrestricted and reserves:							
Reserve Study Allocation	-	-	-	-	-	-	-
Principal Transfers							
Transfers For Funding	-	(1,519,695)	-	-	1,220,295	-	299,400
Transfers Prev. Yr. Surplus	-	-	-	-	-	-	-
Transfers Curr. Yr. Surplus	-	-	-	-	-	-	-
Transfers Between Funds	-	-	-	-	-	-	-
Depreciation	-	100,038	(100,038)	-	-	-	-
Disposal of Fixed Assets	-	-	-	-	-	-	-
Purchase & Contributed Fixed Assets	-	-	261,300	-	(111,910)	(149,390)	-
Purchases Withdrawals Outstanding	-	(99,470)	-	-	56,210	43,260	-
Allocations of Net Change components:							
Investment income	-	(14,158)	-	876	9,508	1,146	2,627
Investment Expenses	-	18,354	-	(942)	(12,786)	(3,203)	(1,423)
Net Gains (Losses) in Investments	-	(13,111)	-	3,278	10,498	1,431	(2,095)
Net Change to January 31, 2024	160,958 ⁽¹⁶⁾	(1,367,084)	161,263	3,212	1,171,814	(106,755)	298,509
Net Assets at, Dec 31, 2023	32,566,408 ⁽²⁷⁾	700,198	21,565,593 ⁽²⁶⁾	560,194 ⁽²⁸⁾	7,175,602 ⁽²⁸⁾	1,750,056 ⁽³⁰⁾	814,765 ⁽³¹⁾
Net Assets as at, January 31, 2024	32,727,366 ⁽¹⁰⁾	(666,886)	21,726,856 ⁽⁹⁾	563,406 ⁽¹¹⁾	8,347,416 ⁽¹²⁾	1,643,301 ⁽¹³⁾	1,113,273 ⁽¹⁴⁾
		21,059,970 ⁽¹⁷⁾			11,667,396 ⁽¹⁵⁾		

Footnotes refer to Statement of Financial Position and Statement of Activities



GREEN VALLEY RECREATION INC

Green Valley Recreation, Inc.
Investment Portfolios
Changes and Market Values
Beginning of Year and Curent Month End

	Totals	Unrestricted	Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund	Pools & Spas Reserve Fund
Balance Dec 31, 2023 (at Market)	13,767,895 ⁽²⁰⁾	3,467,278 ⁽²⁴⁾	560,194 ⁽¹⁸⁾	7,175,602 ⁽¹⁹⁾	1,750,056 ⁽²⁰⁾	814,765 ⁽²¹⁾
Changes since Jan 1, 2023:						
Principal Transfers	3,519,695	2,000,000	-	1,220,295	-	299,400
Investment income	18,940	4,783	876	9,508	1,146	2,627
Withdrawals	(161,830)	-	-	(55,701)	(106,130)	-
Investment Expenses	(18,354)	-	(942)	(12,786)	(3,203)	(1,423)
Net Change for 1 Months	3,358,451	2,004,783	(66)	1,161,316	(108,186)	300,604
Balance before Market Change at January 31, 2024	17,126,346	5,472,061	560,128	8,336,918	1,641,870	1,115,368
1 Months Net Change in Investments Gain/(Loss)	20,176	7,064	3,278	10,498	1,431	(2,095)
Balance at January 31, 2024 (at Market)	\$ 17,146,521 ⁽⁸⁾	5,479,125 ⁽⁷⁾	563,405.91 ⁽¹⁾	8,347,416 ⁽²⁾	1,643,301 ⁽³⁾	1,113,273 ⁽⁴⁾

11,667,396 ⁽¹⁵⁾

Footnotes refer to Statement of Financial Position and Statement of Activities

GVR Cash Requirements Report
FY 2024

ACTUAL / PROJECTED	Actual	Projected										
	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Operating Cash at CHASE												
Beginning of Month Balance	2,599,548	687,320	566,881	695,539	792,162	418,147	490,772	732,271	725,204	727,961	812,070	1,437,362
Transfer In	-	-	500,000	500,000	-	500,000	750,000	500,000	500,000	500,000	400,000	-
Transfer Out	(3,519,695)	-	-	-	-	-	-	-	-	-	-	(3,000,000)
Cash Receipts	2,651,721	1,030,427	577,300	505,058	486,974	430,912	334,863	320,524	333,242	276,333	981,338	4,088,093
Cash Disbursements	(1,044,254)	(1,150,866)	(948,641)	(908,435)	(860,989)	(858,286)	(843,365)	(827,590)	(830,485)	(692,224)	(756,046)	(787,795)
Net Operating Cash Flow	1,607,467	(120,439)	(371,341)	(403,377)	(374,015)	(427,374)	(508,502)	(507,066)	(497,243)	(415,891)	225,292	3,300,299
Ending of Month Balance	687,320	566,881	695,539	792,162	418,147	490,772	732,271	725,204	727,961	812,070	1,437,362	1,737,660
Operating Investment Accounts (A&B)												
Beginning of Month Balance	3,467,278	5,479,125	5,488,256	4,997,404	4,505,733	4,513,242	4,020,764	3,277,465	2,782,928	2,287,566	1,791,379	1,354,127
Transfer In	2,000,000	-	-	-	-	-	-	-	-	-	-	3,000,000
Transfer Out	-	-	(500,000)	(500,000)	-	(500,000)	(750,000)	(500,000)	(500,000)	(500,000)	(440,238)	(65,600)
Earned Income on Investment	11,847	9,132	9,147	8,329	7,510	7,522	6,701	5,462	4,638	3,813	2,986	2,257
Ending of Month Balance	5,479,125	5,488,256	4,997,404	4,505,733	4,513,242	4,020,764	3,277,465	2,782,928	2,287,566	1,791,379	1,354,127	4,290,784
MRR Reserve												
Beginning of Month Balance	7,175,602	8,347,416	8,347,414	8,362,527	8,303,073	8,127,614	7,746,046	7,607,132	7,566,990	7,340,987	7,132,333	6,976,612
Transfer In MRR Funding	1,220,295	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	(68,487)	(15,862)	(748)	(75,342)	(191,235)	(397,011)	(153,631)	(54,596)	(240,380)	(222,602)	(169,273)	(39,957)
Net Earned Income on Investment	20,006	15,860	15,860	15,889	15,776	15,442	14,717	14,454	14,377	13,948	13,551	13,256
Ending of Month Balance	8,347,416	8,347,414	8,362,527	8,303,073	8,127,614	7,746,046	7,607,132	7,566,990	7,340,987	7,132,333	6,976,612	6,949,910
MRR - B Pool and Spa Replacement Reserve												
Beginning of Month Balance	814,765	1,113,273	1,115,388	1,117,508	1,119,631	1,121,758	1,123,889	1,126,025	1,128,164	1,130,308	1,132,455	1,134,607
Transfer In MRR B Pool & Spa Funding	299,400	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Income on Investment	(892)	2,115	2,119	2,123	2,127	2,131	2,135	2,139	2,144	2,148	2,152	2,156
Ending of Month Balance	1,113,273	1,115,388	1,117,508	1,119,631	1,121,758	1,123,889	1,126,025	1,128,164	1,130,308	1,132,455	1,134,607	1,136,763
Initiatives Reserve												
Beginning of Month Balance	1,750,056	1,643,300	1,632,389	1,584,108	1,563,652	1,501,764	1,439,322	1,362,168	1,279,145	1,196,366	1,102,587	1,014,503
Transfer In	-	66,384	29,034	56,951	65,557	65,122	50,528	44,805	45,207	34,365	40,238	65,600
Other Funding	-	-	-	-	-	-	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Income on Investment	(626)	3,122	3,102	3,010	2,971	2,853	2,735	2,588	2,430	2,273	2,095	1,928
Transfer Out	(106,130)	(80,417)	(80,417)	(80,417)	(130,417)	(130,417)	(130,417)	(130,417)	(130,417)	(130,417)	(130,417)	(130,417)
Ending of Month Balance	1,643,300	1,632,389	1,584,108	1,563,652	1,501,764	1,439,322	1,362,168	1,279,145	1,196,366	1,102,587	1,014,503	951,614
Emergency Reserve												
Beginning of Month Balance	560,194	563,405	551,184	556,396	560,755	558,803	580,213	590,593	584,451	565,620	555,402	558,549
Transfer In	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-
Net Earned Income on Investment	3,211	(12,221)	5,212	4,359	(1,953)	21,411	10,380	(6,143)	(18,831)	(10,218)	3,147	3,165
Ending of Month Balance	563,405	551,184	556,396	560,755	558,803	580,213	590,593	584,451	565,620	555,402	558,549	561,714
Total Reserve Accounts	11,667,394	11,646,376	11,620,538	11,547,112	11,309,939	10,889,471	10,685,919	10,558,750	10,233,280	9,922,777	9,684,270	9,600,000
Total Operating Cash	6,166,445	6,055,137	5,692,943	5,297,895	4,931,389	4,511,537	4,009,736	3,508,132	3,015,527	2,603,448	2,791,489	6,028,444
Grand Total Cash & Investments	17,833,839	17,701,513	17,313,481	16,845,006	16,241,327	15,401,007	14,695,655	14,066,882	13,248,807	12,526,225	12,475,759	15,628,444

**GVR Cash Requirements Report
FY 2024**

ACTUAL / PROJECTED

Actual Days Oper. Cash on Hand (net of MCF Allowance)

Actual	Projected											
Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Dec-24
203	200	187	174	161	147	130	113	96	82	68	199	199

January 1, 2024 Beg. Balance	
Total Reserve Accounts	9,485,852
Total Operating Cash	6,066,826
Grand Total Cash & Investments	15,552,678

Projected Ending Balance 2024	
Total Reserve Accounts	8,463,238
Total Operating Cash	6,028,444
Grand Total Cash & Investments	14,491,682

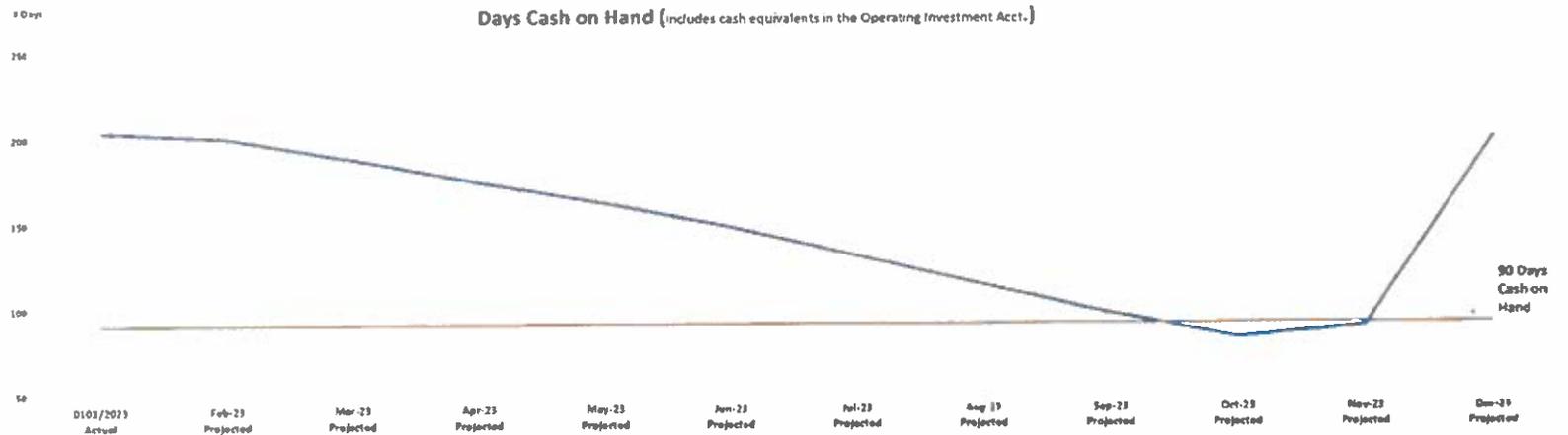
Operating Cash (CHASE)

6,166,445	6,055,137	5,692,943	5,297,895	4,931,389	4,511,537	4,009,736	3,508,132	3,015,527	2,603,448	2,791,489	6,028,444
-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

Invested Total (SBH & JP MORGAN)

17,146,519	17,134,632	16,617,942	16,052,844	15,823,181	14,910,235	13,963,384	13,341,677	12,520,846	11,714,156	11,038,397	13,890,784
------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

Days Cash on Hand (includes cash equivalents in the Operating Investment Acct.)



The Cash Requirements Report is for projecting cash balances of the Operating and Designated Cash Accounts only. This report is exclusively for the purpose of determining cash requirements and short term investment planning.

GREEN VALLEY RECREATION
CAPITAL PROJECTS REPORT
1/31/2024

<u>Project ID</u>	<u>Center</u>	<u>Description</u>	FY 2024		Project to Date	
			E	C	D	E - D
			Total Project Budget	2024 Budget	Project Spent to Date	Project Budget Balance
NON RESERVE CAPITAL						
ALL		2024 Unplanned Unbudgeted Items	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
CR		Shade Structure for Canoa Ranch pool equip.	\$ 16,000	\$ 16,000	\$ -	\$ 16,000
CP1 / ABS		Deck shade structures for CP1 and Abrego South	\$ 26,000	\$ 26,000	\$ -	\$ 26,000
ALL		Accessibility Initiatives	\$ 67,023	\$ 50,000	\$ 17,023	\$ 50,000
PBC		Pickleball Fencing	\$ 35,000	\$ 35,000	\$ 6,080	\$ 28,920
INITIATIVES						
SRS		Remodel for Glass Arts	\$ 900,000		\$ 852,829	\$ 47,171
DH		Desert Hills Fitness Center	\$ 1,127,744		\$ 1,128,161	\$ (417)
DH		DH Locker-room Expansion	\$ 445,000	\$ 445,000	\$ 9,591	\$ 435,409
DSCH		Del Sol Clubhouse Note Payable	\$ 110,000	\$ 11,000	\$ 22,000	\$ 88,000
DSCH		Del Sol Clubhouse Renovation	\$ 1,900,000	\$ -	\$ 660,084	\$ 1,239,916
WC		West Center Expansion (Lapidary, Woodworking, Artisia	\$ 158,835	\$ 100,000	\$ 16,188	\$ 142,647
DH		Ceramics Kiln room	\$ 90,000	\$ 90,000	\$ -	\$ 90,000
CH		Gym Conversion	\$ 180,000	\$ 180,000	\$ -	\$ 180,000
WC		West Center Lobby improvements	\$ 150,000	\$ 150,000	\$ -	\$ 150,000
DH		Locker Room Steam Room	\$ 445,000	\$ 445,000	\$ -	\$ 445,000



GVR MEMBER PROPERTIES MONTHLY REPORT

2024	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	YTD
NEW MEMBERS													
Total Members (2024)	13,852	13,850	13,850	13,850	13,850	13,850	13,850	13,850	13,850	13,850	13,850	13,850	13,850
Members Last Year (2023)	13,825	13,829	13,832	13,833	13,834	13,835	13,837	13,841	13,842	13,844	13,847	13,850	13,850
Members Before Last Year (2022)	13,781	13,789	13,792	13,799	13,802	13,805	13,809	13,812	13,813	13,818	13,823	13,823	13,823
Membershi Change Fee	62	-	-	-	-	-	-	-	-	-	-	-	62
Initial Fee	1	-	-	-	-	-	-	-	-	-	-	-	1
Transfer Fee (new build no Initial fee)	1	-	-	-	-	-	-	-	-	-	-	-	1
Transfer Fee (new build w/Initial fee)	1	-	-	-	-	-	-	-	-	-	-	-	1
Transfer Fee (estate planning)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Fee (resale)	62	-	-	-	-	-	-	-	-	-	-	-	62
Transfer Fee Non-Resale	14	-	-	-	-	-	-	-	-	-	-	-	14
Budget Monthly Resales (2024)	86	91	115	128	114	86	69	60	47	73	65	59	993
Monthly Resales (2024)	62	-	-	-	-	-	-	-	-	-	-	-	62
Monthly Delta Actual vs Budget (2024)	↓ (24)	-	-	-	-	-	-	-	-	-	-	-	↓ (24)
Monthly Resales Last Year (2023)	75	63	103	118	121	94	83	80	58	75	64	71	1,005
Monthly Resales 2 years prior (2022)	105	88	150	147	126	93	73	56	63	72	67	55	1,095
YTD Budget (2024)	86	177	292	420	534	620	689	749	796	869	934	993	993
YTD Resales (2024)	62	-	-	-	-	-	-	-	-	-	-	-	62
YTD Over/(Under) Budget	↓ (24)	-	-	-	-	-	-	-	-	-	-	-	↓ (931)
YTD Over/(Under) Budget	(28%)	-	-	-	-	-	-	-	-	-	-	-	(94%)
YTD Resales Last Year (2023)	75	138	241	359	480	574	657	737	795	870	934	1,005	1,005
YTD Resales Before 2 years prior (2022)	105	193	343	490	616	709	782	838	901	973	1,040	1,095	1,095
Total Sales (new and resale) (2024)	62	-	-	-	-	-	-	-	-	-	-	-	62
Total Sales (new and resale) Last Year (2023)	72	65	103	116	118	93	84	76	59	74	67	74	1,001
Total Sales (new and resale) Before 2 years prior (2022)	110	92	158	150	133	96	76	60	66	73	72	60	1,146
PACF Refund	8	-	-	-	-	-	-	-	-	-	-	-	-

6



Green Valley Recreation, Inc.

Fiscal Affairs Committee Meeting

Subcommittee Report and Business Plan

Del Sol Clubhouse Café

Prepared By: David Webster, CFO

Meeting Date: February 20, 2024

Presented By: Nellie Johnson

Originating Committee / Department:

Café Subcommittee

Action Requested:

Accept the Café Subcommittee Report and Business Plan for the Del Sol Clubhouse Café

Strategic Plan Goal:

Goal 1: Provide excellent facilities for members to participate in a variety of active and social opportunities

Background Information:

To address the members' needs for a social gathering space and to meet the goal of GVR to "expand/repurpose facilities to promote and encourage social gathering, including the exploration of opening a coffee shop", the FAC Café Subcommittee researched and developed a business plan to establish an in-house, GVR operated café at the Del Sol Clubhouse. Please recall, at the November 16, 2022 Board meeting, the Board passed the following motion:

MOTION: To continue moving forward with a vision of creating a social gathering recreation center. Build out the entire building to include the lower level to accommodate a minimum of 5 billiards and pool tables and other game-type activities, adding restrooms, a lift or elevator, and a stairwell to connect the two levels; and by seeking a solution to provide a wide variety of food and beverage options (such as a vendor).

The Café Subcommittee met on February 5, 2024 and adopted the following motion to be submitted to the Fiscal Affairs Committee (FAC) at its February 19th meeting:

Adopt the Subcommittee report which includes the following:

- a. *Release the CY 2024 funds and positions included in the budget to open a self-operated café in the Del Sol Clubhouse, offering limited food and beverages;*
- b. *Approval of the Corporate Policy Manual (CPM) language change to allow access to the café for non-GVR member patrons for a daily fee of \$1.00;*
- c. *Approval of the CPM language change to allow pets on the front patio only;*
- d. *Release the \$50K for the completion of the kitchen/café area and purchase of equipment and supplies.*

Since a vendor option is being explored as an alternative to GVR operating a café, staff recommends the FAC recommend the following to the Board of Directors:

Accept the Café Subcommittee report without adopting any CPM language changes at this time; and release the budgeted \$50,000 for startup costs which will need to be expended regardless of whether GVR secures a vendor to operate a café or elects to operate a café in-house.

Fiscal Impact:

Budgeted startup costs are \$50,000.

Fiscal Affairs Committee Options:

The FAC recommends to the Board of Directors:

- 1) Accept the Café Subcommittee report without adopting any CPM language changes at this time; and release the budgeted \$50,000 for startup costs which will need to be expended regardless of whether GVR secures a vendor to operate a café or elects to operate a café in-house.
- 2) Accept the Café Subcommittee report without adopting any CPM language changes at this time; and release the budgeted \$50,000 for startup costs at a later time.
- 3) Accept the Subcommittee with alternative options.

Staff Recommendation:

Option 1.

Attachments:

- 1) Subcommittee Report – Business Plan for the Del Sol Clubhouse Café.
- 2) Market Survey Results for Development of a Del Sol Clubhouse Café.



SUBCOMMITTEE REPORT

BUSINESS PLAN FOR THE DEL SOL CLUBHOUSE CAFÉ

FEBRUARY 9, 2024

Café Shop Executive Summary

GVR's mission is "to provide excellent facilities and services that create opportunities for recreation, social activities, and leisure education to enhance the quality of our members' lives". In support of this mission, members have identified a need for a social gathering space. This need was pointed out in the 2016 GVR Strategic Plans (2016) and a 2018 GVR Ad Hoc Committee. Then, as part of the development of its Cy 2022 five-year strategic plan, GVR included a specific Goal and Initiative to address this need. Goal One of that plan stated that GVR "provide excellent facilities for members to participate in a variety of active and social opportunities". Under this Goal, Initiative 1.4 identified the need to "expand/repurpose facilities to promote and encourage social gathering, including the exploration of opening a coffee shop". GVR had considered other alternatives, such as putting a coffee kiosk in the West Center patio space or the lobby of the Las Campanas Center. However, for a variety of reasons, none of these alternatives were ever pursued. GVR Board action in November 2022 reinforced the usage of the Del Sol Clubhouse, located at 3355 S. Camino Del Sol Road, as a social gathering center with the inclusion of an area that offered limited food and beverages. Funds were included in the Cy 2024 budget, pending the approval of a business plan.

The use of Del Sol Clubhouse has been controversial since its addition to the GVR facility portfolio in Cy 2019. Consistent with the conclusions of past strategic plans and market research, a predominant sentiment has emerged that the facility become, in part, a casual and social gathering place for GVR members. To that end, a subcommittee of the Fiscal Affairs Committee has explored the creation of a café for the Del Sol Clubhouse as a critical element in activating the space to accommodate the evolving definition of a social gathering place GVR members can call their own. –

This proposed business plan would support the opening of a café located on a portion of the first floor of the Del Sol Clubhouse. The suggested name of the café is the “Del Sol Bistro”.

With this in mind, the creation of this bistro was laid out as follows: The Del Sol Bistro would consist of a café with a seating area of approximately 1,123 square feet, including the alcove and patios, and would have a licensed capacity of 100 customers. Because the Del Sol location offers panoramic views of Madera Canyon and the existing Canoa Hills Trails Park, it would ideally have both inside and outside patio seating areas. The proposed layout of various sizes of tables and counter seating makes it conducive for different sizes of groups to interact and socialize with each other. It would offer an assortment of beverages for both breakfast and lunch, along with food items such as pastries, donuts, sandwiches, and soups. These items would be available as a dine-in or on a take-out basis, thus serving many of the walkers and hikers from this area. The hours and menu would be adjusted from time to time based on the success of the operation, as well as by member preferences.

As a start-up business, it is estimated that it would take approximately eleven months to break even. This break-even goal is achievable in part because the budget doesn't include rent and utility payments that are already part of GVR's operations. While one of the goals is to financially break even, the primary goal is to meet the needs of the membership and to have a dedicated, gathering place that offers an inviting social atmosphere to meet with friends as well as family members, who are visiting, and enjoy quality beverages and food.

The Subcommittee believes that the Del Sol Bistro would be a tremendous amenity and would provide an asset to GVR and its members with a long-awaited and much-needed social gathering venue.

See Appendix A for a List of Subcommittee Members

I. Past GVR Market Research and Studies Support a Café

Prior GVR Strategic Plans and a GVR Ad Hoc Committee identified the need for a social gathering place since Cy 2016

In 2016, GVR retained WSM Architects and its consultants, to develop a 10-year strategic master plan to position GVR to serve the future needs of an influx of baby boomer retirees. Through an extensive community outreach process, including surveys and focus groups, a recurring theme among GVR members expressed a desire for a café in conjunction with a **comfortable space** available for drop-in socialization and a **gathering place** for friends and neighbors.

In Cy 2018, a GVR Ad Hoc Committee, chaired by Steve Wilhelm, explored the need for a social gathering place as a missing amenity within GVR. As documented by the Committee, membership's interests and activities change with age, as sports and fitness-based equipment usage within the GVR facilities declines. The need for social connection takes its place. The Ad Hoc group reviewed the literature and based its findings on research published in 1989 by Dr. Ray Oldenburg, describing the need and characteristics under the title "The Great Good Place, (GGP).

Oldenburg explored informal gathering spots, aside from home (first place,) and work (second place), and determined they were essential for community and social interaction. Conceptually, Great Good Places will offer neutral, accessible environments like cafes, parks, and libraries. Based on the work of Oldenburg and others, these places play a crucial role in fostering a sense of belonging and social cohesion within a community.

Moving forward, Steve Wilhelm made a presentation in January 2024 to the Del Sol Café Subcommittee., where he discussed how a "GVP" can become the heart of a community's social vitality and why this concept should be a core GVR goal. The Wilhelm presentation described the role of the Del Sol Clubhouse and café for this purpose. He described the proposed café at Del Sol usage as an amenity where people can gather, put aside other concerns, and "hang out" simply for the pleasure of good company and lively conversation.

According to Wilhelm, for the café to be successful, GVR members need motivation to go there, and two features are key factors in this plan. The first is a coffee shop /cafe, with the second being a multi-purpose room, with events, such as talks, book signings, poetry readings, and other intellectually driven events, but also including music and more casual activities. The totality of the environment should be welcoming to all GVR members and guests. For instance, one group may have a community table where others can go and join in the conversation. Another alternative can be for a small group at a different table. It also will be inviting for those who want to be alone and read or relax in a friendly atmosphere and listen to a live music group in the background. The metrics of success should be social participation, not financial or commercial. And the elements needed to achieve success are known. On January 10, 2024, Steve Wilhelm sent an email to all GVR

Board members requesting that the board “grant approval for the facilities design and initial staffing requirements very soon .”

In the Cy 2018 Member Survey, 74% of members who responded identified the need for such a social and community gathering space. This was further reinforced in Cy 2022 as part of the development of the GVR five-year Strategic Plan. Goal # 1 of that plan stated that GVR “provide excellent facilities for members to participate in a variety of active and **social opportunities**”. Under this Goal, Initiative 1.4 identified the need “to expand/repurpose facilities to promote and encourage social gathering, including the **exploration of opening a coffee shop.** “

At the November 16, 2022, GVR Board meeting, GVR staff sought guidance on how to proceed with this initiative. The staff noted they had looked for “ways of activating the building by bringing activities, food, and beverages options to the clubhouse. The report noted that “staff has regularly discussed with committee, the Board, and members the potential to access some kind of food and beverage service in the upper-level bar area of the clubhouse to encourage members social and leisure gathering.” After discussion, the Board passed the following motion:

MOTION: Director Carden moved, and Director Lawless seconded to continue moving forward with a vision of creating a social gathering recreation center. Build out the entire building to include the lower level to accommodate a minimum of 5 billiards and pool tables and other game-type activities, adding restrooms, a lift or elevator, and a stairwell to connect the two levels; and by seeking a solution to provide a wide variety of food and beverage options (such as a vendor).

Passed: 9 yes / 2 no (Austin and Crothers)

In Cy 2023, GVR staff pursued the vendor option by meeting with several business entities regarding their interest in managing the food operations at the Del Sol Clubhouse. They

declined due to problems with the recruitment of staff in their existing location at that time and the inability to allow them to serve the general public versus GVR members only.

In 2023, during the Cy 2024 budget development process, the GVR staff recommended in conjunction with a unanimous vote from the Fiscal Affairs Committee (FAC), to create a start-up fund for a coffee shop at the Del Sol location and authorize the development of a business plan. It further formed a subcommittee to develop that business plan. (See Appendix A for Subcommittee membership. At its November 15, 2023, GVR Board meeting, the board adopted a motion to approve the Cy 2024 budget that would include funds for the café, but not to release any of those funds until research is done and approved by the Board.

Together, the above Strategic plans and research support the concept of a café as part of a social gathering place, known as the Del Sol Clubhouse.

II. Cafe Business Description

The Del Sol Bistro Cafe will be part of the Del Sol Clubhouse. Its Vision will be that "Green Valley Recreation (GVR), by its very definition, is a Social Organization. What better way to highlight this fact than to encompass all aspects of social interaction with the Del Sol Clubhouse. This Clubhouse will offer a Billiards Room, a place for playing games, and now the potential inclusion of the Del Sol Café where members, guests, and even non-members can go for coffee, food, and good conversation while enjoying the beautiful views. The Del Sol Café will create a space where neighbors, groups, and clubs can meet to enjoy a cup of coffee or a bowl of hot soup or just sit back and relax with old and new friends after a bike ride or a walk through the adjoining park or Camino Del Sol Road

The café would have three goals;

- 1: Provide a gathering spot for the GVR membership and others that will offer an updated and accessible space for events and activities, while creating an opportunity for limited/light food and beverage offerings
- 2. Develop a greater sense of community by establishing stronger relationships with the GVR members and its club, thus, helping to sustain the cafe operation
- 3. Provide the café as an amenity whose purpose is to provide a gathering place, rather than be a revenue generator for GVR.

The café's location next to the park will appeal not only to GVR members but also to the broader community. Few if any, cafés exist in this area. The café will be located on a portion of the first floor of the existing Del Sol Clubhouse and consists of 2,775 square feet, of which 1,123 is the customer seating area and the remainder is the storage space and kitchen prep area. It includes both a front and rear patio that can be included with the café services. The remaining section of the first floor is a multi-purpose room, primarily focusing on activities, such as pool, foosball, puzzles, and board games. The café will be an important component of the entire Del Sol Clubhouse.

While the original architectural drawings provide for The Bistro to have a total licensed occupancy of 100 customers, the Bistro's budget is based on the lower seating capacity of 80 to allow sufficient room to accommodate seniors with mobility issues. These 80 seats would be dispersed in the main area, the alcove, and the front and rear patios. This

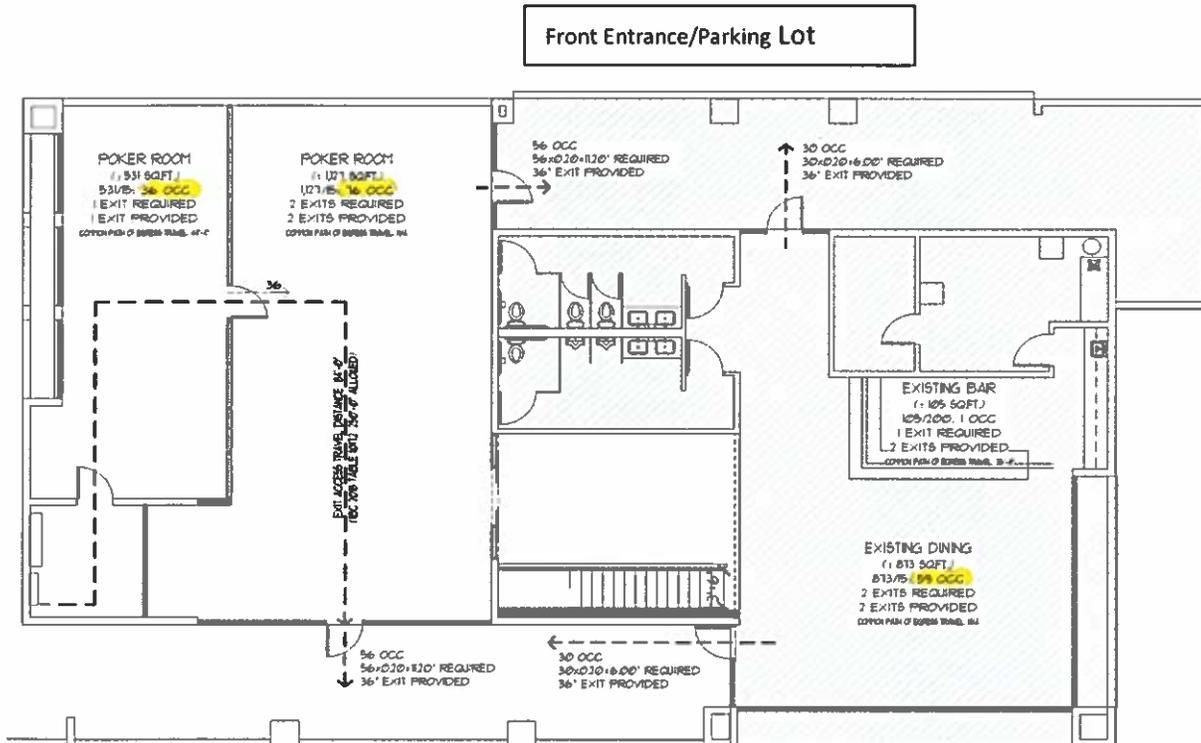
arrangement is similar to how Posada Java utilizes its space. While it has a licensed capacity of 151, it only has seats for approximately 120.

The Business Plan adopts Posada Java's pet-friendly policy of allowing pets on only the front patio area. Based on the results of the market survey, 64% voted for allowing pets, but of this number only 32% wanted it allowed on one patio. After discussion, the Subcommittee supported allowing pets on the front patio only in that it was easier to control. This policy will be monitored closely to see how it functions. The Business Plan proposes that the front patio be designated as "pet friendly" as the Del Sol Clubhouse is a nexus of GVR member pet lovers who frequent the Pima County Parks walking trail. Although GVR's current policy guidelines do not permit pets on or in its facilities, use of the facility must recognize this important segment of the GVR membership market contributing to the success and sustainability of a café operation. Therefore, it is recommended that policy guidelines included in the Corporate Policy Manual (CPM) be relaxed to permit outdoor pet friendliness of the Clubhouse to capture this important, and significant, segment of the GVR member population. Accommodation of GVR members with pets is an important consideration of the success of the café component of the Del Sol Clubhouse. (Appendix D Pet CPM Language)

Below is a diagram of the proposed first floor, showing the outline of the café space (including the outside patio areas). The area on the left side is currently used as a game room for GVR members and is open from 5:30 am to 9 pm daily. It includes several pool tables, a foosball table, a dartboard, and tables for miscellaneous board games and puzzles. When the café is closed (outside of their normal business hours) it is expected

that patrons of the café may bring their beverages to enjoy in this comfortable atmosphere. The space would also be available for GVR events and activities. Appendix B is a larger copy of the architectural drawing and Appendix C includes photos of the café space.

Layout of the First Floor of Del Sol Clubhouse



The primary target market for The Bistro is GVR membership and guests, which consists of approximately 23,000 people. In addition, the Bistro will explore ways to reach out to members who have limited financial means or transportation challenges so that it is accessible to all GVR members. The business plan proposes that the Bistro also be available to non-GVR members. The market base is more than sufficient to support the café operation, based on comparisons with other retirement communities with similar operations in the Tucson and Sahuarita areas.

The Bistro will be modeled after similar cafes (Posada Java in Green Valley and Sun City in Oro Valley). It will initially be open from 7 am to 3 pm, either six or seven days a week with GVR having the opportunity to adjust these hours, if needed based on staff, seasons, etc. At a later time, it may also open for special events, where it could offer alcoholic beverages such as beer and wine.

It is intended the Bistro would offer counter service, where customers order and pick up their purchases at the designated counter (not a waitress model). It will offer a variety of beverages, such as coffee, juices, and sodas, and may offer limited alcoholic beverages at special events. The food will initially be a variety of prepackaged/prepared food from a contracted vendor and food allowed to be prepared by staff under its food license. In the future, it could expand into a full-service café where food is prepared on-site, such as hamburgers and brats. (This type of service requires a different type of license.) The Bistro may also have a vending machine so people can access canned and bottled beverages and snacks after café hours while the Clubhouse is still open to GVR members.

The projected opening of the Bistro is on June 1, 2024, and is contingent on the completion of the installation of equipment and countertops in the cafe. This is estimated to take up to 2 months. In addition, GVR also received approval for paving the Del Sol parking lot and this project will take from Dec-2023 to May 2024 (6 months). While this paving project requires the closure of the entire Del Sol Clubhouse for members, staff will receive access so that the installation of the café equipment and cabinets can be completed simultaneously. With the approval of the business plan in February, GVR will utilize the time from March to May to develop a more detailed operational plan so that it can open for business as close to the completion date of the parking lot as possible. The below table displays the timetable for the opening of the cafe.

		Dec	Jan	Feb	March	April	May	June
1	Del Sol Parking lot constuction							Done
2	Approval of Business plan by Board			Feb 28th				
3	Start prep of operational plan							open
4	Complete build out of café/storage area							open
	OPEN							x-or sooner

III. Market Analysis:

This market analysis included a review of 5 other cafes in Green Valley of which three are included in the analysis and two other senior communities that operate cafes outside of Green Valley.

Of the ones located in Green Valley, three of them represent the closest model to the proposed GVR Bistro. These three (Posada Java, Mountain View Café, and Moqah) have the following characteristics: indoor/outdoor seating; open 6-8 hours covering breakfast/lunch; and a single shift staffing pattern. These three are located near or north of Continental Avenue. The nearest to the Clubhouse (Posada Java) is approximately 5 miles away There are limited other alternatives for coffee/lunch on the south side of Green Valley. Therefore, it is believed The Bistro is in an ideal location to serve the GVR members and other prospective customers. See Appendix D for a Market Summary of cafe businesses located in Green Valley.

The two senior communities reviewed that are located outside of Green Valley were Sun City, located in Oro Valley, and Quail Creek, located in Sahuarita.

- A. Sun City, a senior community of 2,488 units located in Oro Valley, operates both a cafe/lounge and a separate full-service restaurant. Its cafe/lounge is called The Bistro and has a seating capacity of 42 of which 16 is patio seating. It opened in February 2023 and is open from 6 am-8 pm Monday-Friday; 8 am to 8 pm on Saturday and 8:30 am to 6 pm on Sunday. It offers an assortment of breakfast/lunch items, plus light appetizers during its evening hours. It also operates a separate full-service restaurant, which is located in the same building (The View). The View's dining room and patio are open from 7 am to 8 pm. Because Sun City operates its separate restaurant, it uses that administrative structure and licenses to extend to cover its cafe operation. It employs 1 FTE and 4 part-time staff with supervision being provided by the restaurant manager. While its goal is to financially break even, its primary mission is to offer this service as an **amenity** to its members.
- B. Quail Creek operates its coffee bar and lounge located in its Madera Clubhouse. This clubhouse consists of a ballroom for special events, a lending library, multi-purpose rooms, billiard rooms, a covered patio with an outdoor fireplace, and golf-course views. The coffee bar and lounge serve breakfast Monday-Saturday and are open from 7 am to 11 am. It offers a full-service breakfast menu via a modified counter service arrangement. Patrons order their food at the designated counter, with a waitress delivering the food to their table. Currently, it has an estimated seating capacity of 72 inside and 40 outside patio seats. The menu includes such things as scones, muffins, bagels, and several breakfast egg/omelet dishes. Quail Creek also has a separate restaurant. It is relocating its cafe shop operation to its new community center when it opens in Cy 2024. It will have expanded hours from 7 am to 2 pm and includes a lunch menu. It will have a full-service kitchen and expanded seating capacity.

IV. Organizational Structure:

The Bistro café will operate as a **separate business unit** under GVR, which is a not-for-profit 501(c)(4) organization. Because it will be selling various products such as coffee, beverages, muffins, soups, and sandwiches, it will be subject to sales/and corporate taxes. Establishing it as a separate business unit within GVR will enable GVR to meet these tax reporting requirements. Any excess revenues can be used to support the improved expansion of the coffee, food, and beverage services, or be returned to the GVR parent organization. GVR could utilize an applied receipts reporting format that will enable the GVR leadership and Board to closely monitor its financial status and operations. As a new start-up business, it is recognized that GVR will need the ability to modify the operation over time based on the operational performance over several years. It will be consolidated into the overall GVR financial statements.

The Bistro will need to secure a range of licenses to operate this café. The following chart is a list of the primary licenses required and indicates whether each license is new or whether GVR can use its existing license to meet the requirements.

1. Business License	Use GVR's existing license
2. Certificate of Occupancy	New; Obtained from Pima County; requires fire department inspection
3. Food Handler's/Food Service License	New, Pima County
4. Seller's Permit	New
5. Business Insurance	Use GVR /modify to include a café

If the café is to offer alcoholic beverages, it would need to secure additional licenses. Other not-for-profit organizations, such as the Elks Club and churches, secure these licenses for special day events or full-service bar operations.

V. **Products and Services**

The Bistro will feature a selection of beverages and food items as described in the chart below. It initially will offer only prepackaged foods and may evolve into a full-service café offering prepared foods such as hamburgers and other dishes.

The below chart provides examples of the products that would be offered in its initial phase of operation. The menu may be expanded later based on the success of initial operations and members' input.

	Breakfast	Lunch
Beverages	Assortment of coffee (reg/decaf); water, juices; teas	Coffee (reg/decaf); water; lemonade, canned sodas Alcoholic beverages on special occasions utilizing a day permit
Food Products	Donuts, muffins, bagels; scones Yogurt parfait	Prepackages/staff prepared Sandwiches, chips Salads, Soups
Desserts		Cookies, brownies, ice cream, pies

Initially, based on the projected volume of business, GVR may not be able to establish contracts with vendors such as US Foods, Sysco, or Restaurant Depot for its supplies and food products. Therefore, the staff manager would need to be responsible for purchasing

and picking up supplies locally. For example, we will explore contracting with Mountain View Café or Safeway for fresh bakery products and purchasing coffee products and beverages in bulk from Costco. Further, we would explore enhancing the luncheon offerings by partnering with various food trucks. For example, feature Taco Tuesdays, Wednesday pizza days, or work with popular food truck vendors, in Green Valley but not already in the proximity of the Del Sol Clubhouse.

VI. Marketing and Sales Strategy

The primary target market for Bistro is GVR members. In Cy 2023, GVR had close to 14,000 households consisting of approximately 23,000 individuals. Approximately 4,000 of these households (or 6,000 people) are within close distance of the Bistro. This large GVR customer base, in addition to their visiting family and guests, is more than sufficient to support a café operation. In the Café market survey, 67% preferred the establishment of a café that offered food and beverages with over 71% stating they would use it frequently or occasionally.

The Bistro marketing strategy will include using GVR's existing communication tools, such as its website and E-Blasts, to promote the usage of the Del Sol Bistro. The market survey results revealed that only 42% had ever visited the Del Sol Clubhouse so there is an opportunity to increase awareness of this entity to the entire GVR membership. Further, in Cy 2023, GVR had 67 Clubs, consisting of approximately 9,147 members, and it will market directly to these clubs. In particular, it will include outreach to social clubs, such as the Amigas, Amigos, and Singles Club, to encourage these clubs to use this space for their social gatherings. Collectively, these social groups have 1,379 members, with the Amigas Club alone presenting almost 500 members. Another example is the Billiards Club. The

lower level of the Del Sol Clubhouse is being remodeled into a billiards room and this Club offers unique opportunities to utilize the café to enhance its activities.

The cafe can also be marketed to those individuals who utilize the Canoa Trails Park. Doug Kenyon, Commander of the SAV and Parks Commissioner, estimates that 50-75 people use the Canoa Trails on average daily throughout the year. It is estimated that during the “snowbird” season, the average increases to 120 people using the trail daily.

The Bistro marketing strategy will also include targeted outreach to local businesses, churches, and HOAs near the cafe. The goal is for Del Sol Bistro to become the preferred community café south of Continental Road.

In addition, this business plan includes an initiative for GVR to explore ways to serve GVR members who may have limited financial means or transportation challenges. For example, it could include writing a grant to the GVR Foundation for members who have received special MAP assistance from the Foundation to receive a one-time voucher for a limited amount (\$50) that would enable them to purchase items at the café. Another possible example involves partnering with Silver Springs, whose residents are all GVR members, to utilize the cafe as a special center for these GVR members. Silver Springs also has transportation vans that may be available to arrange for rides for members who have physical limitations. These initiatives ensure that The Bistro is available for all GVR households.

While GVR expects that 90% of The Bistro customer base will be GVR members, it also expects it to be a place where non-GVR members can meet their friends who are members, giving exposure to GVR. In the Café market survey, **over 59% responded that non-GVR members should be allowed access to the café for a nominal fee.** Based on

these results, this plan proposes that GVR create a day pass for any non-GVR member so they can join their GVR friends as well as help the café. As it is a Clubhouse and not a Recreational Center, offering limited access to the café portion supports the concept of it being a social gathering for the community. To encourage usage and to meet the GVR legal membership, GVR would charge a token daily pass fee of \$1.00 which would be applied at the time of purchase of a food or beverage/item in the café, thereby making it easy to administer. This fee is comparable to what the ELKS Club charges its non-members. This nominal fee would be added to the total bill of a non-GVR person making a purchase. Lastly, it is anticipated that the café will be utilized by non-GVR members who utilize the Canoa Trails Park and will also be able to access this daily pass and support The Bistro. It is intended that access is solely limited to the café. The building would be locked and it would require a GVR member card to access when the café wasn't open. Key access would also be required for access to the lower-level billiards room and the multipurpose room. In the end, GVR members will benefit from daily pass fees in that proceeds go to support the operation of The Bistro and GVR. Allowing this access to non-GVR members would require a change to the Corporate Policy Manual. See Appendix E for this proposed language.

Lastly, the Del Sol Clubhouse and its café will need visible signage from the Camino Del Sol Road so that it can be easily found.

VII. Summary of Café Market Survey

As part of the development of the Café Business plan, the Subcommittee prepared and GVR conducted a market survey to accomplish the following objectives:

- Ideally obtain a 10% or greater survey response rate for greater predictive value.
- Obtain the input of the GVR membership to determine if the concept of developing a cafe within the Del Sol Clubhouse is directionally correct
- Determine how familiar the membership is with the Del Sol facility.
- Obtain input on the potential use of a cafe; hours of availability; food and beverage options; service delivery mode; and preferences regarding allowing access to non-GVR members and pets

Out of the 23,000 potential responses, we received 2,230, or roughly 10%. The responses were almost evenly divided with 47% from zip code 85614 and 53% from 85622.

Approximately 71% of the respondents live here year-round. **A majority (57%) indicated they would support a food and beverage offerings option.** While Del Sol Clubhouse has been part of GVR since Cy 2019, only 42% have ever visited the facility. However, 64% responded that they have used the Canoa Hills Trail Park. Therefore, GVR has a significant opportunity to market the features of this Clubhouse to its entire membership.

The survey further included questions regarding hours of availability, with 47% preferring mornings to early afternoon and 43% desiring mornings to early evening. Responses regarding beverage choices were clustered around providing coffee, bottled water, tea, and soda at 12-19%, while only 8 to 9% wished to include wine and beer. The largest majority (17%) wanted all of the listed beverage choices available. Most respondents (21%) preferred having all of the listed options available for food as well. Food preferences ranged from lunch sandwiches (19%) to pastries, breakfast sandwiches, soups, and salads at 12%.

The survey asked respondents to rank their service delivery option preferences. The responses are noted below. **67% preferred a café option.**

Rankings for preferences (1 is highest) on how to deliver food and beverages were:

1. 35%, for a Café with limited beverages and food
2. 32%, for a Café with expanded beverages, including food, and alcohol, but not a full restaurant.
3. 22%, for using food trucks.
4. 10%, was for vending machines only.

Lastly, the survey had questions on probable usage, with 71% saying they would use it frequently (once or twice a week) or occasionally (no more than twice a month.) Over 59% agreed that non-GVR members should be allowed to access the café for a nominal fee. Lastly, **64% of the respondents voted in favor of allowing pets** on one or both front and rear patios, however, of this number, only 32% approved of allowing them on both patios and 27% didn't want any pets on the patios.

In summary, the market survey confirmed the members' interest in establishing a café at the Del Sol Clubhouse. The survey results support the business plan's recommendation of phasing in the options by opening only for limited hours in the mornings/early afternoon with a limited beverage and food menu. Results also supported the business plan's recommendation of extending non-GVR members access to the café for a nominal fee, as well as for allowing pets only on the front patio. Appendix I is a copy of the survey instrument.

VIII. Financial Proforma

GVR will operate and manage the café as a separate business unit operated by GVR staff.

- GVR staff had explored using a vendor to operate this café and did not find any interested parties. The Subcommittee also reviewed using only vending machines to provide food and beverages, and they agreed this model didn't offer the type of social gathering atmosphere desired by members. Further, GVR would most likely have to own the machines and supply and replenish the products due to low traffic volume. Lastly, the subcommittee reviewed the usage of volunteers to operate the café and this option was problematic for the following reasons: Volunteers will **not** provide:

- Reliable maintenance and monitoring of equipment;
- Thorough and reliable cleanup of bathrooms, general and kitchen areas;
- Consistent greeting and ability to build relationships;
- Screening of non-GVR members who need to pay an additional fee;
- A responsible approach to collecting money for food and beverages and for how that money might be used and accounted for;

Further, using volunteers creates an insurance and licensing risk because we are not allowed to consistently serve food and beverages without AZ licensing. If we do it too much, it may open GVR up to scrutiny regarding AZ and IRS sales and UBIT taxes.

In addition, using volunteers, rather than trained employees, to provide daily food service put GVR at risk for violation and inability to assure compliance with safety fire, and county facility licensing codes and requirements.

Interestingly, Sun City indicated they only use staff and suggested not using volunteers as it creates problems amongst the residents and it was just not worth the trouble.

Besides, costs would be incurred for recruiting, training, and monitoring.

Therefore, the model assumes the Café would be staffed by paid staff; volunteers could be used to enhance activities but they would not be used to provide and oversee daily café operations

The following includes the summary of the financial proforma, along with a description of the key assumptions used in creating the financial proforma for the café. This proforma assumes usage of the seating capacity of 80 seats within the café and assumes usage 6 days a week/8 hours per day. This proforma illustrates what is possible utilizing the total coffee space square footage. While the proforma projections exceed the amount of revenues and expenses budgeted, the actual net operating income loss for 12 months is \$ 25K, which is less than the \$50K that was included in the GVR budget as a placeholder. The funds, included in the Cy 2024 budget as a placeholder, were not based on any occupancy or square footage data, and the expenses only included salary costs. This GVR placeholder start-up budget assumes a 9-month operation (April-Dec, 2024)) with a budget of \$25,000 in revenues and \$75,000 (personnel only) expenses for a net loss of \$50,000. The release of these funds for a café was based on the need for additional research and the development of a business plan. A separate \$50K was budgeted for the installation of such items as cabinets, kitchen and coffee equipment, and major supplies. It is recognized that these funds only provide for the basic equipment and that additional funds may be needed to create a more warm and inviting atmosphere.

Using the full space available in the designated café area this business plan proforma option assumes revenues of \$200,588 for the start-up's first 12 months. Because of the uncertainty of the exact opening date, the proforma is structured by month one to month 12 so one can review it as a 12-month operation. Revenues are projected at \$200,588 and expenses are budgeted at \$225,407 for a **net loss of \$24,819. This loss compares to a \$50, 000 loss for 9 months that was assumed in the placeholder budget.** In the future, this café vision could expand into a lounge/bar, serving beer, wine, and select cocktails, similar to Mountain View Café and Sun City. However, if there is concern regarding the proposed cost for this café then other options, such as reduction of hours/ days of operation and/or limiting service to only breakfast/no lunch or reduction in occupancy can be considered.

The below Table shows the projected customer base growth each month as well as a summary of the total revenues/expenses for the first-year start-up budget for The Bistro. The business plan projects a breakeven in month eleven with a net income of \$1,876 projected at the end of the year or \$ 23,234 annualized. The occupancy in the 11th and 12th months is projected to reach 30% or 154 customers per day.

Table 1 Summary to Monthly Forecast for First year Start up and 2nd year Projection

	assumption	Preopening	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Year 2 *
# of Customers per day average			77	77	77	102	102	102	128	128	128	128	154	154	1,357	154
Total Revenue			9,913	9,913	9,913	13,209	15,769	15,769	19,705	19,705	19,705	19,705	23,641	23,641	200,588	283,692
EXPENSES																
Total expenses		7,268	13,574	13,574	15,179	16,747	18,002	18,002	19,883	19,883	19,883	19,883	21,765	21,765	225,407	261,178
net		(7,268)	(3,661)	(3,661)	(5,266)	(3,538)	(2,233)	(2,233)	(178)	(178)	(178)	(178)	1,876	1,876	(24,819)	22,514
Cumulative			(10,929)	(14,589)	(19,856)	(23,394)	(25,626)	(27,859)	(28,037)	(28,215)	(28,394)	(28,572)	(26,696)	(24,819)		
* Year two uses month 12 times 12																

Similar to Sun City, the proforma budget **does not** include rent and utilities, thus, it achieves its breakeven sooner than a standalone business. See Appendix F for detailed projections. For year two, high-level projections assume using the month 12 projections from the start-up year above, notably without the inclusion of inflation.

Table 2 below displays a summary of the three-year operation, assuming a 3% inflation factor on customer sales and expenses, as maintained with the same phase-up percentages. It shows an annual net gain of approximately \$26, 000 to \$28,000 respectively.

Table 2: Summary of Three-Year Projection

	Placeholder Budget Annualized	Year 1 Proforma	2nd Year	3rd Year
Revenues	\$ 33,333	\$ 200,588	\$ 287,935	\$ 296,360
Expenses staff	\$ 108,800	\$ 120,091	\$ 122,635	\$ 124,112
Expenses all other	\$ -	\$ 98,048	\$ 140,001	\$ 144,129
Preopening	\$ -	\$ 7,268	\$ -	
Total Expenses		\$ 225,408	\$ 261,178	\$ 268,242
Net	\$ (75,467)	\$ (24,820)	\$ 26,758	\$ 28,118

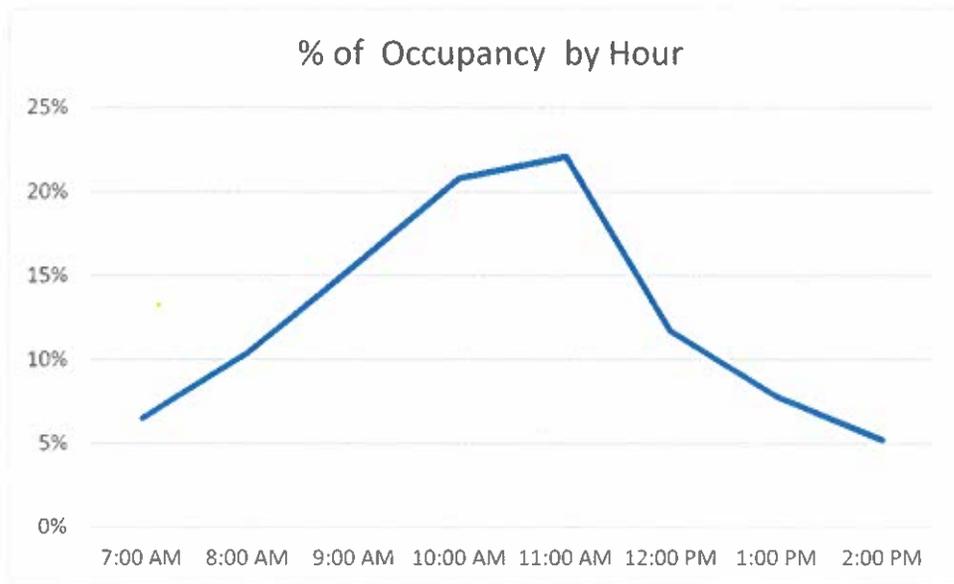
While the average yearly occupancy is estimated at 30% of seating capacity the monthly variations are already assumed within these estimates.

Detailed Assumptions for the Business Plan

The initial service model is a phased-in model and would include opening only 8 hours per day, six days per week, thus requiring only a single 8-hour employee shift. It would be based on counter sale and service type of delivery of food, thus creating efficiencies in

staffing operations. Based on this service model, the following outlines the basic assumptions for The Bistro. Appendix F is a detailed proforma for the first year, along with a high-level projection for year 2. Revenues are based on the following

1. Occupancy: The cafe will be open 302 days of the year (6 days a week minus 10 holidays) or 25 days on average each month. While the licensed occupancy is 100, the business plan assumes seating of 80 to allow for space for customers with mobility issues, walkers, and canes. Further, it assumes that each customer, on average stays 1.25 hours, thus each seat can be occupied only by 6.42 customers each day. Therefore, this assumption assumes an average of patrons 514 per day, if the café achieves 100% occupancy of the 80 seats. (80 seats*6.42 customers per seat) However, that is only used as a benchmark. The next step is to project the percentage of daily customers for the month. This proforma, as reflected in Table 1 above, conservatively estimates utilization ranging from 15% of daily capacity for the first three months, ramping up to 30% by month 12. This gradual percentage growth results in an estimated customer volume of 77 customers per day in the first three months to 154 per day by month 12.
2. The plan accounts for acknowledging different usages of the café during the day in the chart. below.



In addition, the Subcommittee reviewed the question of monthly fluctuations in business because a portion (29%) of GVR households are seasonal residents. The below table shows an example of the 2nd year proforma based on monthly seasonal adjustments. The net income is estimated at \$25,299, almost the same as the average across each month.

Table 3: Example of Monthly Seasonal Proforma

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total 12 mon
# of Customers per day	77	102	102	128	128	128	154	230	230	230	179	128	1,818
Total Revenue	12,179	16,230	16,230	20,281	20,281	20,281	24,332	36,486	36,486	36,486	28,383	20,281	287,935
Total Expenses	14,896	16,834	18,439	20,377	20,377	20,377	22,315	28,130	28,130	28,130	24,253	20,377	262,636
net	(2,717)	(604)	(2,210)	(96)	(96)	(96)	2,017	8,356	8,356	8,356	4,130	(96)	25,299
Cumulative	(2,717)	(3,321)	(5,531)	(5,627)	(5,723)	(5,820)	(3,803)	4,553	12,909	21,266	25,396	25,299	

Table 4: Seasonal % Adjustment by Month

	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May
	1 month	2 month	3 month	4 month	5 month	6 month	7 month	8 month	9 month	10 month	11 month	12 month
% occupied	15%	20%	20%	25%	25%	25%	30%	45%	45%	45%	35%	25%
daily	77	102	102	128	128	128	154	230	230	230	179	128

Both Posada Java and Mountain View Café noted they don't experience many seasonal variations because their customers are loyal and they plan special events to attract business customers. Lastly, with GVR having approximately 23,000 persons even if half of the members left Green Valley in the summer months, there are still 11,500 people, plus their guests, that could use the café. Appendix G has the more detailed proforma for this option.

3. Purchase per customer is estimated to average \$5.00 for the first four months and \$6.00 per customer for the last eight months, mostly due to increased menu selections. This estimate was based on a review of three cafes in the market analysis.
4. Take-out business is assumed at 5% of inside customer revenue.
5. Vending Machine- A small amount is assumed for revenue gained from a leased machine. Vending companies will only install and manage the machines if they believe the volume justifies it. Lower volumes may require GVR to purchase the machines.

A. Expenses :

1. Expenses. Personnel expenses are based on a budget of 3 FTEs (4 employees) of which one FTE is a working manager. It is assumed this person spends 75% of their time working in the cafe and 25% of their time performing administrative functions, such as ordering, contracting, marketing managing special events, and hiring staff. Based on Sun City's information, at least two employees should be budgeted during the peak hours, which the plan assumes is from 9 am to 12 pm. Therefore, the staffing pattern assumes an additional 1 FTE plus 3 part-time

employees. These staff members would operate The Bistro for 8 hours for 6 days a week. The cost of goods sold is estimated at 40%, which was provided by Sun City based on their experience. There is a small amount budgeted for sales tax, licenses, credit card expenses, and unexpected items.

6. The pre-opening budget assumes the manager starts two weeks before opening and initial supplies cost \$7,268.
7. Pre-opening Inventory/Equipment: The initial budget provides \$50,000 for these items, such as coffee machines, grinders, cabinets, dishes, kitchen gear, cash register, and software. Where possible, GVR will transfer underutilized equipment from other GVR centers to support the Bistro.

Assuming a successful operation after two years, the operation could be expanded to extend the hours and include an array of alcoholic beverages.

Other Options: The Subcommittee's charge was to develop a business plan for a café. As stated earlier, this business plan assumes the use of the full space for 8 hours/6 days a week with the ability to expand to a lounge/bar concept if customer and business needs justify it. Sun City's operation offers these expanded hours. However, other options can be considered that more gradually phase up the operations of the café. These include the following:

1. Reduce the size of the café by reducing the seating capacity.
2. Reduce the days of operation from 6 to 5 days and fewer hours (5 or 6 hours per day)

3. Reduce the scope to only include breakfast from 7-11 am or other times.

Summary: The Subcommittee met on February 5, 2024, and adopted the following motion to be submitted to the Fiscal Affairs Committee (FAC) at its February 19th meeting:

- Adopt the Subcommittee report which includes the following:
 - a. Release of the Cy 2024 funds and positions included in the budget to open a staff-operated cafe in the Del Sol Clubhouse, offering limited food and beverages;
 - b. Approval of the CPM language change to allow access to the café for non-GVR member patrons for a daily fee of \$1.00.
 - c. Approval of the CPM language change to allow pets on the front patio only. '
 - d. Release the \$50K for the completion of the kitchen /cafe area and purchase of equipment and supplies.

Appendix A: List of Subcommittee Members

Appendix B: Original Architectural Drawing of Del Sol Space

Appendix C: Pictures of the Café Space

Appendix D: Market Summary

Appendix E: Corporate Policy Manual Changes

Appendix F: Financial Proforma Year 1 with high-level Year 2

Appendix G Projections for Year 2 using seasonally adjusted assumptions

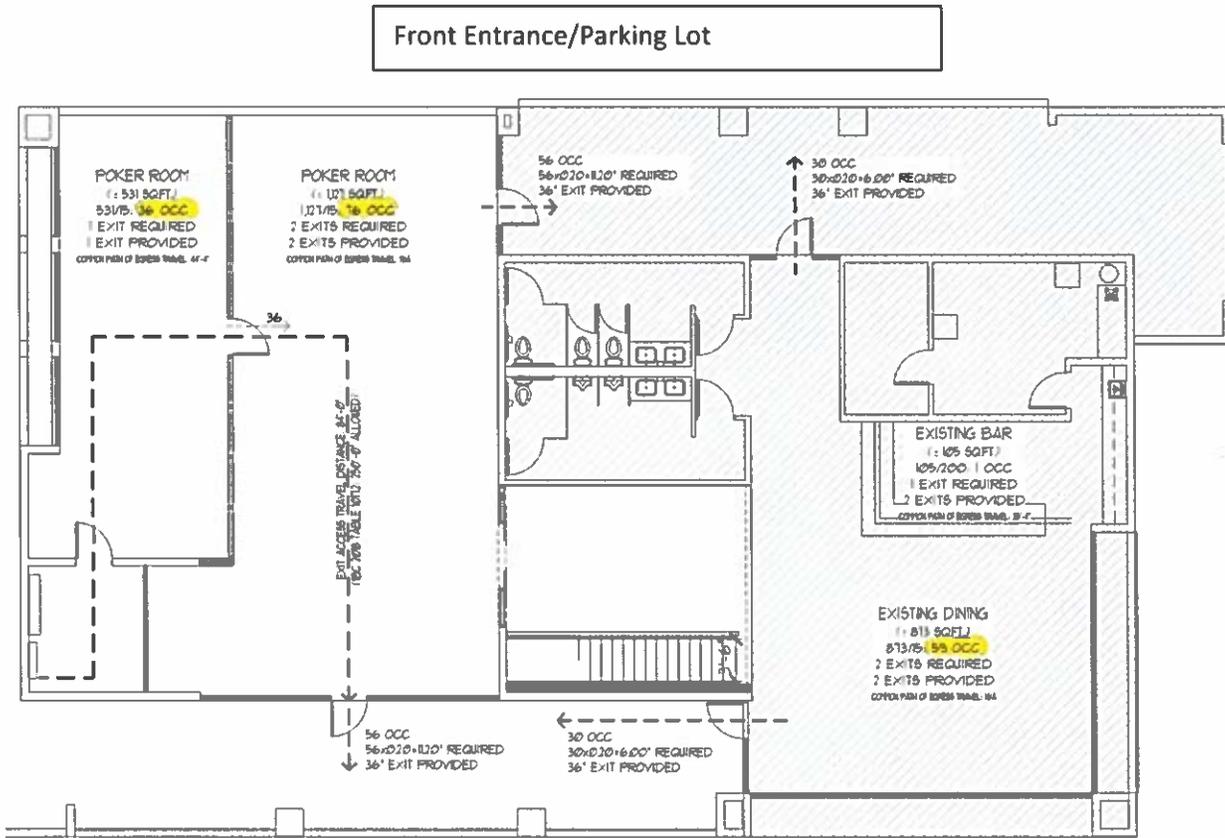
Appendix G: Projections for Year 3

Appendix I: Copy of Market Survey

APPENDIX A: LIST OF SUBCOMMITTEE MEMBERS

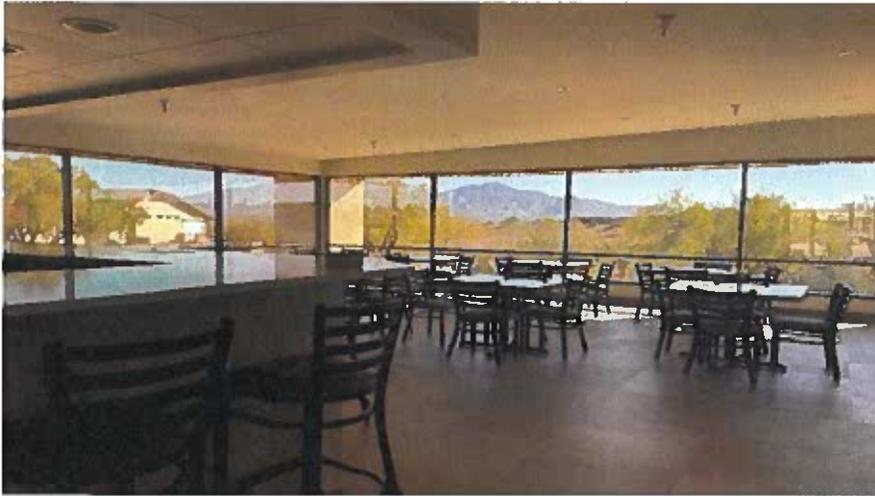
1	Nellie	Johnson	Chair of Subcommittee/Fiscal Affairs(FAC)
2	Pat	Reynolds	FAC
3	Betsy	Walton	GVR member
3	Eric	Sullword	GVR Member
4	Bob	Quast	GVR member
5	Maribeth	Kwasneski	GVR Member
6	Jim	Carden	Ex-officio- FAC Chair
7	Scott	Somers	Ex-Officio GVR CEO
8	David	Webster	GVR CFO
9	Howie	Murray	GVR Staff

APPENDIX B: ARCHITECTURAL DRAWING OF DEL SOL- /CAFÉ



Note: The original drawing didn't designate the use of patios. It just noted a total occupancy of 86 occupants on each. While it is assumed the patios can be licensed for 86 persons (3-4 persons at 24 tables, the proforma assumes a lower number.

Appendix C: Pictures of the Café Space



Main area
with bar



Alcove
area to
have 3-4
tables



Front
patio;
pet area
3-4
tables

Appendix D. GVR Café Initial Market Study s November 12, 2023

Name	Bus License type	Hours	Seating	Place to pick up condiments	Counter pick up or table delivery	Food Display Case	Garbage: Self or table pick up	Pet Friendly	Place Ware	Computer and Phone Charging Outlets	Staffing	Full Kitchen or Grill	Type of Food in addition to drinks
Moqah Coffee and Beyond GV 101 South La Cañada Drive #57	?	8- M-F Sat: closed Sun 8:30-2:30	12 tables indoors; 6 tables outdoors	Not seen	Dine in/take out; delivery to table	No	Staff	Outdoor yes, indoors no	Plastic and paper	No	?	Full Kitchen (small)	Breakfast and Lunch Rolls; muffins; crepes; salads
Posada Java 565 S Park Centre Ave	?	M-S 7 - 4. Closed Sundays	151 occupancy; 12 tables outside	Yes	Dine-in Curbside pickup No delivery	Yes	Self	Outdoor yes; indoor no	Plastic and paper	A few	?	Microwave Counter prep	Breakfast and Lunch Rolls; quiche; breakfast sandwich; lunch-salads
Mountain View Cafe and Bakery 277 W Duval Rd	?	M-S 10 - 3 Closed Sunday	About 48 inside; large outside patio; opens at 11:00	No	Deliver to table	Yes for baked goods	Staff		Hard dishware	No	?	Full Kitchen	Brunch and Lunch; serves beer wine and margaritas Desserts/ bakery
McDonald's Continental 170 W	?	4 a.m. - 12 p.m. 24/7	Indoor with few outdoor	Yes	Drive through; indoor pick up and sit down	No	Self	No	Plastic or paper	No	?	Full Kitchen	Breakfast Lunch Supper

Sources: Yelp, Google, Websites, On-Site Visits

Appendix E: Corporate Policy Changes (Bolded Areas are Changed)

A. Day Pass Sections

1.2.2 Guest Policy

- A. Guest privileges are intended for temporary visitors of a Regular Member, Assigned Member, Tenant, CRCF Resident, or Life Care Member of GVR and who live outside a twenty (20) mile distance from established GVR boundaries.
- B. GVR Members, Assigned Members, Life Care Members, and CRCF Residents may purchase one (1) annual guest card which allows for four (4) adults per visit with unlimited visits. Annual guest cards are valid through the end of the calendar year and fees are not prorated. No more than one (1) annual guest card may be purchased by a GVR Member regardless of the number of properties owned and may not be purchased for tenant-occupied properties.
- C. GVR Members, Assigned Members, Life Care Members, CRCF Residents, and Tenants may purchase daily guest cards which allow for four (4) adults on a specific day. **Exception: Del Sol Clubhouse Café will use a token fee system for daily use when non-members purchase food or drink. (**

Amend the CPM Fee Chart to provide a \$1.00 daily guest pass for the Del Sol Clubhouse-Café only

B. Pet Friendly

1.2.6 Use of GVR Facilities

- D. Reservations
 - 1. Reservations will be assigned in the following order:
 - Board of Directors
 - Recreation Staff (e.g., special events, classes, concerts, programs, annual festivals and performances)
 - Regularly scheduled club events (weekly and monthly)
 - Community events (e.g., HOA) and rentals
 - Club one-time special events or parties
 - Private member functions
 - Club additional ongoing activity requests

Animals are not permitted in or on GVR property, except service animals, unless otherwise authorized by the GVR Chief Executive Officer (CEO) to accommodate community events or other special circumstances.

- 2. **Exception: Due to the public or community walking trails, Del Sol Clubhouse will allow in the front patio seating areas only leashed animals under the control of their handlers at all times, well-behaved, and do not create a disturbance or pose a threat to others. If an animal is not under control or behaves inappropriately, the handler will be asked to remove the animal from the premises.**

APPENDIX F: First-Year Startup Proforma with Year Two ``

	assumption	Preopening	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Year 2 *
# of Customers per day average			77	77	77	102	102	102	128	128	128	128	154	154	1,357	154
days in month	6		25	25	25	25	25	25	25	25	25	25	25	25	300	300
total customer days/month			1,920	1,920	1,920	2,560	2,560	2,560	3,200	3,200	3,200	3,200	3,840	3,840	33,920	46,080
rev per customer			5	5	5	5	6	6	6	6	6	6	6	6		6.00
Subtotal			9,600	9,600	9,600	12,800	15,360	15,360	19,200	19,200	19,200	19,200	23,040	23,040	195,200	276,480
Other Revenue/ta	\$ 3.00	Take Out	288	288	288	384	384	384	480	480	480	480	576	576	5,088	6,912
Vending Machine			25	25	25	25	25	25	25	25	25	25	25	25	300	300
Special event																
Tota Revenue			9,913	9,913	9,913	13,209	15,769	15,769	19,705	19,705	19,705	19,705	23,641	23,641	200,588	283,692
EXPENSES																
Salaries		3,200	7,020	7,020	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	100,440	99,840
Benefits		768	1,650	1,650	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	1,955	23,619	23,462.40
Subtotal		3,968	8,670	8,670	10,275	10,275	10,275	10,275	10,275	10,275	10,275	10,275	10,275	10,275	124,059	123,302
Costs of Goods sol	40.00%	3,300	3,840	3,840	3,840	5,120	6,144	6,144	7,680	7,680	7,680	7,680	9,216	9,216	81,380	110,592
Sales tax	6%		576	576	576	768	922	922	1,152	1,152	1,152	1,152	1,382	1,382	11,712	16,589
licenses/business			200	200	200	200	200	200	200	200	200	200	200	200	2,400	2,400
other: credit card fees/printing/market promo			288	288	288	384	461	461	576	576	576	576	691	691	5,856	8,294
Total expenses		7,268	13,574	13,574	15,179	16,747	18,002	18,002	19,883	19,883	19,883	19,883	21,765	21,765	225,407	261,178
net		(7,268)	(3,661)	(3,661)	(5,266)	(3,538)	(2,233)	(2,233)	(178)	(178)	(178)	(178)	1,876	1,876	(24,819)	22,514
Cumulative			(10,929)	(14,589)	(19,856)	(23,394)	(25,626)	(27,859)	(28,037)	(28,215)	(28,394)	(28,572)	(26,696)	(24,819)		
* Year two uses month 12 times 12																

APPENDIX G: Year 2 Proforma with 3% Inflation/with Variations each month

year 2														
	assumptions	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total 12 mont
# of Customers per day average		77	102	102	128	128	128	154	230	230	230	179	128	
days in month	6	25	25	25	25	25	25	25	25	25	25	25	25	
total customer days		1,920	2,560	2,560	3,200	3,200	3,200	3,840	5,760	5,760	5,760	4,480	3,200	45,440
rev per customer		\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	\$6.18	
Subtotal		11,866	15,821	15,821	19,776	19,776	19,776	23,731	35,597	35,597	35,597	27,686	19,776	280,819
Other Revenue/take out	\$ 3.00	288	384	384	480	480	480	576	864	864	864	672	480	6,816
Vending Machine		25	25	25	25	25	25	25	25	25	25	25	25	300
Special event														
Tota Revenue		12,179	16,230	16,230	20,281	20,281	20,281	24,332	36,486	36,486	36,486	28,383	20,281	287,935
EXPENSES														
Salaries		7,192	7,192	8,492	8,492	8,492	8,492	8,492	8,492	8,492	8,492	8,492	8,492	99,299
Benefits		1,690	1,690	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	1,996	23,335
Subtotal		8,882	8,882	10,487	10,487	10,487	10,487	10,487	10,487	10,487	10,487	10,487	10,487	122,635
Costs of Goods sold	40.00%	4,746	6,328	6,328	7,910	7,910	7,910	9,492	14,239	14,239	14,239	11,075	7,910	112,328
Sales tax	6%	712	949	949	1,187	1,187	1,187	1,424	2,136	2,136	2,136	1,661	1,187	16,849
licenses/business/market promo		200	200	200	200	200	200	200	200	200	200	200	200	2,400
other;credit card fees/printing/		356	475	475	593	593	593	712	1,068	1,068	1,068	831	593	8,425
Total expenses		14,896	16,834	18,439	20,377	20,377	20,377	22,315	28,130	28,130	28,130	24,253	20,377	262,636
net		(2,717)	(604)	(2,210)	(96)	(96)	(96)	2,017	8,356	8,356	8,356	4,130	(96)	25,299
Cumulative		(2,717)	(3,321)	(5,531)	(5,627)	(5,723)	(5,820)	(3,803)	4,553	12,909	21,266	25,396	25,299	

	80	8	1.25	6.40	512.00	1st year							30	35
	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May		
	1 month	2 month	3 month	4 month	5 month	6 month	7 month	8 month	9 month	10 month	11 month	12 month		
% occupied	15%	20%	20%	25%	25%	25%	30%	45%	45%	45%	35%	25%		
daily	77	102	102	128	128	128	154	230	230	230	179	128		

Appendix G: Third year with 3% inflation factor with variations each month

	assumptions	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total 12 mont
# of Customers per day average		77	102	102	128	128	128	154	230	230	230	179	128	
days in month	6	25	25	25	25	25	25	25	25	25	25	25	25	
total customer days		1,920	2,560	2,560	3,200	3,200	3,200	3,840	5,760	5,760	5,760	4,480	3,200	45,440
rev per customer		\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	\$6.37	
Subtotal		12,222	16,295	16,295	20,369	20,369	20,369	24,443	36,665	36,665	36,665	28,517	20,369	289,244
Other Revenue/take out	\$ 3.00	288	384	384	480	480	480	576	864	864	864	672	480	6,816
Vending Machine		25	25	25	25	25	25	25	25	25	25	25	25	300
Special event														
Tota Revenue		12,535	16,704	16,704	20,874	20,874	20,874	25,044	37,554	37,554	37,554	29,214	20,874	296,360
EXPENSES														
Salaries		7,291	7,291	8,591	8,591	8,591	8,591	8,591	8,591	8,591	8,591	8,591	8,591	100,496
Benefits		1,713	1,713	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	23,617
Subtotal		9,005	9,005	10,610	10,610	10,610	10,610	10,610	10,610	10,610	10,610	10,610	10,610	124,112
Costs of Goods sold	40.00%	4,889	6,518	6,518	8,148	8,148	8,148	9,777	14,666	14,666	14,666	11,407	8,148	115,698
Sales tax	6%	733	978	978	1,222	1,222	1,222	1,467	2,200	2,200	2,200	1,711	1,222	17,355
licenses/business/market promo		200	200	200	200	200	200	200	200	200	200	200	200	2,400
other; credit card fees/printing/		367	489	489	611	611	611	733	1,100	1,100	1,100	856	611	8,677
Total expenses		15,193	17,190	18,795	20,791	20,791	20,791	22,787	28,776	28,776	28,776	24,784	20,791	268,242
net		(2,659)	(485)	(2,091)	83	83	83	2,257	8,778	8,778	8,778	4,430	83	28,118
Cumulative		(2,659)	(3,144)	(5,235)	(5,151)	(5,068)	(4,985)	(2,729)	6,049	14,827	23,604	28,035	28,118	

**Appendix I: GVR Preliminary Market Survey to Assess Community Interest in
Developing a Café Within the Del Sol Clubhouse
January 9, 2024**

SURVEY

We will NOT reveal your personal information or identify you for any reason, but we do need your email address to monitor GVR member-only responses.

1. On average, how long do you reside in Green Valley in a calendar year?
 - Year round
 - Year round but I travel during the summer months
 -
 - About 6 months
 - 5 months or less

2. What is your Green Valley zip code?
 - 85614
 - 85622

3. Do you currently use, or if you are new to GVR do you anticipate using, any GVR facility at least twice a month for any reason?
 - Yes
 - No

4. Are you familiar with the Del Sol Clubhouse and its location?
 - Yes
 - No

5. Have you ever visited the Del Sol Clubhouse facility?
 - Yes
 - No

6. Have you ever used the walking paths in the Canoa Hills Trails Park?
 - Yes
 - No

7. Would you be interested in a food and beverage option offered in this Clubhouse?

- Yes
- Maybe, unsure
- No, I am unlikely to ever purchase food or beverages offered by the Clubhouse.

If you responded *No, I am unlikely to ever purchase food or beverages offered by the Clubhouse*, you do not need to complete the following questions.

8. What types of beverages would you be interested in purchasing? Mark each that applies or check *all the above*.

- Coffee
- Tea
- Soda
- Fruit drinks
- Bottled Water
- Beer
- Wine
- All the above

9. What types of food would you be interested in purchasing? Mark each that applies or check *all the above*.

- Pastries
- Breakfast sandwiches
- Lunch sandwiches
- Quiche
- Soup
- Salads
- Deserts such as, but not limited to, cookies, ice cream, cakes, pies
- All the above

10. What general times during the day would you like to see food and beverages offered? Only select one of the following times.

- Mornings
- Mornings to early afternoon
- Mornings to early evening

11. How often would you use these services? Just provide a realistic guess.

- Frequently: Once or twice a week
- Occasionally: No more than twice a month
- Infrequently: No more than twice every three months

12. Please indicate which options you prefer for providing these services from most to least preferred (1 – 4) with 1 being the most preferred.

- Vending machines
- Food Truck (Purchase food and beverages from a food truck and eat in the building or using outside tables)
- Café with limited beverage and food offerings
- Café/bistro with more food and beverage options, including alcohol, but not a full-service restaurant

13. Would you support allowing non-GVR members to use ONLY the Del Sol Clubhouse Café, and not the rest of the facility if they pay a modest daily fee for access?

- Yes
- No

14. Should customers be allowed to bring their dogs onto the outside front and back patio seating areas of the Del Sol Clubhouse?

- Yes, they should be allowed on both patios
- Yes, but they should be allowed on only one patio
- No, they should not be allowed at all

FAC Subcommittee Report:

Market Survey Results for Development of a Del Sol Clubhouse Café



February 5, 2024

Objectives of Survey

- Ideally obtain 10% survey response rate which will provide greater predictive value
- Obtain the input of the GVR membership to determine if the concept of developing a cafe within the Del Sol Clubhouse is directionally correct
- Get a sense of how familiar the membership is with the Del Sol facility
- Obtain input around potential use of a coffee shop, hours of availability, food and beverage options, delivery mode, and preferences regarding allowing non GVR members and dogs



Survey Results: Response, Concept, Familiarity

- ✓ **Out of 23,000 potential responses, we received 2230 or roughly 10%**
- ✓ Responses between zip codes were 47% from 85614 and 53% from 85622
- ✓ Most respondents, 71%, live here year round
- ✓ **57% indicated they would support a food and beverage offering:**
 - 23% indicated maybe/unsure
 - 19% indicated no
 - Less than 1% did not respond
- ✓ **89% indicated they are familiar with the Del Sol Clubhouse and its location**
 - However, only 42% have visited the facility and 58% have not
 - 64% have used the Canoa Hills Trails Park



Survey Results: Hours of Availability Preferences

- ✓ Availability (hours of operation):
 - Mornings to early afternoon – 47%
 - Mornings to early evening – 43%
 - Mornings only – 10%

Survey Results: Food and Beverage Preferences

✓ Beverage preferences:

- Coffee – 19%
- Bottled Water – 13%
- Tea and Soda 12% each
- Wine – 9%
- Beer and fruit drinks - 8% each
- All of the above – 17%

✓ Food preferences:

- Lunch sandwiches – 15%
- Pastries, breakfast sandwiches, soup and salads – 12% each
- Desserts – 9%
- Quiches – 8%
- All of the above – 21%



Survey Results: Estimated Use

- ✓ Estimated usage – most or 71% said they would use the café frequently or occasionally:
 - 27% said they would use the coffee shop frequently (once or twice a week)
 - 44% said they would use it occasionally (no more than twice a month)
 - 11% said they would use it infrequently (no more than twice every three months)
 - 19% left this question blank

Survey Results: Delivery Option

- ✓ Rankings for preferences on how to deliver food and beverages were:
 1. The highest ranked preference, or 35%, was for Café with limited beverages and food
 2. The second highest preference, or 32%, was for a Café with expanded beverages, food and alcohol but not a full restaurant
 3. The third preference, or 22%, was for using food trucks
 4. The fourth preference, or 10%, was for vending machines

Survey Results: Non GVR Member Access and Allowing Dogs

- ✓ Most or 59% agree that non GVR members should be allowed to use the Café but not the rest of the facility
 - 30% said no to this
 - 11% did not respond

- ✓ Regarding dogs:
 - 32% responded they should be allowed on both patios
 - Another 32% said they should be allowed on only one patio
 - 27% said dogs should not be allowed
 - 10% did not respond