

Rancho Santa Teresa Swim & Racquet Club 286

Sorrento Way, San Jose, CA 95119

Phone (408) 227-5758 * Fax (408) 225-6325



Spring Meeting 2017 Minutes
Rancho Santa Teresa Swim and Racquet Club
Board of Directors Meeting
Sunday March 26, 2017

Board Members Present: Dirk Seidel (President), Vic Haddad (Treasurer), Christine Francis (Secretary), John O'Byrne Lars Samson, Norm Collier, and Dirk Seidel

Board Members Absent: Jack Winchester

Staff present: Alana Martinez

Call to order: Dirk calls the meeting to order at 7:00 pm

President's Message: Dirk welcomes the residents that have joined us, and runs us through the agenda. The Board goes around the table introducing themselves. Alana introduces herself, and the Town Hall attendees also introduce themselves.

Dirk updates the members on the pool re-plastering process, and everything involved with the pool re-plastering.

Dirk walks us through our 2017 Season dates to look forward to as well as our extensive list of year round activities offered through Rancho Santa Teresa. Next, Dirk talks about this season's staff working for Rancho Santa Teresa. Dirk hands the meeting over to Vic to talk about the financials.

Treasurer Presentation:

The financial report complies with CA civil code sections 1352, 1363.5, 1365, 1365.5, and Corp Code Section 8321.

Vic gives a financial over view beginning with bank balances. Vic looks at the 2016 Financial Results, explaining the Operating Income, and then the Operating Expense. We are operating conservatively, under budget, numbers show us coming in strong over the past year.

Next, Vic looks at 2016 Preliminary Results vs. 2017 Budget, explaining various budget lines. The Reserve Study Budget is shown and explained. The pool re-plastering

Town Hall question: When it shows BBQ Pit, is that a replacement cost, or a repair cost?

April 24, 2017

Answer: That is a replacement cost, a place marker forecasting a possible replacement necessary. As the to do items come up in the Trower report, they will be evaluated if they in fact need replacing or repairing.

Moving on, Vic concludes with a look at our financial situation. Rancho is underfunded by 51% for upcoming projects. We are looking at increasing minimum wage this July, followed by a 2018 increase to \$13.50 an hour until we are up to \$15.00 an hour in 2019. We have lost three months of income during the time the pool was being re-plastered, service costs are projected to increase, the Sea Otter team has reduced membership this year, so being tied to the guest passes, we are looking at possible decrease in seasonal guest passes for 2017.

Dirk talks about our financial control and implemented countermeasures: Stricter delinquencies policy, increased seasonal guest pass fee, daily guest pass fee has been increased by \$1 to \$3 per guest per day, Nor-Cal Tennis fees have been increased, we are using internal resources rather than hiring external labor at a higher cost. Dirk goes over the income and expense numbers, showing trends from 2011-2017. Dirk talks about the underfunded reserve fund, with the numbers showing we are underfunded by 51%, that's about \$300 per household. Norm points out, not showing in the Trower Report, are the constantly changing City Codes which increases the estimated costs of major replacements and repairs around here.

We are looking at a required minimum wage increase beginning in July 2017, and again every year leading up to \$15.00/hr minimum wage in 2019. This means all the service providers we pay for will increase their fees, as we will need to pay our staff following the new guidelines as the dates come up. The process of a dues increase so we can continue to cover our increasing expenses is discussed. The information discussed tonight will be advertised in the newsletter. Fall elections ballot will have a vote to increase the dues, we will need 20% of Rancho households to respond with a vote, and 2/3 of those votes need to be in favor for the increase to pass.

Actions are looked at that could help financially: Cost saving measures, additional sources of income, dues increase, evaluate the requested improvements.

Town Hall Question and Answers

Question: Why didn't the Rancho Board send a representative to the City Council meeting that discussed the minimum wage increase? The City needs to be hearing about how their decisions affect small businesses.

Answer: Now that the numbers are out, we are requesting a meeting with the mayor as well as our council member.

Question: Why don't we just sell the property, it would get rid of all these financial conversations.

Answer: No one else wants to sell the Club, 2/3 of the membership will need to be convinced.

April 24, 2017

Question: Operationally and financially we have a challenge, but what would be my incentive to sell it? Wouldn't legal fees from the sale eat up any profit that may spread to the 761 houses that co own the Club?

Answer: We are not looking to sell the club, and think it would be a battle to convince members to bulldoze the place after all these years of tradition in the neighborhood with the club.

Question: Can we put a coin operation on our tennis lights to have them pay for themselves?

Answer: After crunching numbers, it was determined the cost of the tennis lights is about two dollars an hour.

Adjourn 8:07 pm

Respectfully Submitted By: *Christine Francis*, Board Secretary.