

Hart Ranch Camping Resort
Quarterly Board Workshop Meeting
October 26, 2018

The Quarterly BOD Workshop meeting was called to order by Lisa Beck at 9:00 am.

Present: Lisa Beck (President), Bobb Stout (Vice President), Millie McCormick (Treasurer),
Elmer Pritchard (Membership Secretary) Nathan Miller (Secretary),
Tim Schnabel (Resort Manager).

*Millie McCormick made the motion to approve the agenda with a second by Bobb Stout.
Motion carried.

MEMBER COMMENTS

Victor Tejeda

- Victor proposes we raise penalty fines to dissuade the “frequent offender” or possibly put the offender’s membership in suspension or termination.
- Would like to discontinue the non-member, 24 hr. in advance reservationist not to be allowed anymore due to safety concerns as we do not require a background check.

Angela Tejeda

- Angie would like to increase associate fees to the equivalent of 80% of what the annual maintenance fees are currently for the owner of the membership. Also would like to put a cap on the age of an associate, suggesting that at age 32, that associate should either upgrade to his/her own membership or not be allowed to be an associate after that age threshold.

Dotty Johnson

- A letter was read from Dotty Johnson proposing a variety of changes.

RESORT MANAGER’S REPORT

1. YTD 2018 Financials

	September 30, 2017	September 30, 2018	September 30, 2018
	YTD Actuals	YTD Actuals	Budget
Total Revenue	\$ 2,762,514.26	\$ 2,909,895.81	\$ 3,034,455.00
Cost of Goods Sold	\$ 269,348.61	\$ 282,116.47	\$ 312,633.00
Gross Profit	\$ 2,493,165.65	\$ 2,627,779.34	\$ 2,721,822.00
Operating Expenses	\$ 2,308,750.41	\$ 2,246,135.73	\$ 2,384,455.00
Operating Income	\$ 184,415.24	\$ 381,643.61	\$ 337,367.00
Total Other Income	\$ 9,959.92	\$ 13,193.42	\$ 9,000.00
Total Other Expenses (depreciation)	\$ 239,297.00	\$ 270,457.84	\$ 258,750.00
Net Income	\$ (44,921.84)	\$ 124,379.19	\$ 87,617.00

Tim went through the financial spreadsheet outlining variances in revenues and expenses.

2. YTD 2018 Capital Improvement Update

Maintenance

- Updated electrical section for PS-A and east;
- Updated electrical section CS-5 north and south section;

- Updated electrical section CS-1;
- Installed Electronic Key Locks in all cabins;
- Remodeled Colt 450 (furniture, cabinets, and appliances).

Pool

- Purchased Safety stairs & Pool vacuum

Activities

- Installed sewer to PS-A;
- Completed Bathrooms at PS-A
- Purchased sound system

Rental Campers

- Tim is researching purchasing 2 bunkhouse travel trailers to replace the 2 old campers that we have taken out of service. Currently we can purchase a 2017 Bunkhouse for a reduced price of \$17,900 (original price \$32,000) and a 2015 for a reduced price of \$14,750 (original price \$17,995) from Dakota Discount RV.

3. Department Updates

- a. Reviewed operations for various departments including previous year and reported operational goals for the 2019 season.

OLD BUSINESS:

1. Update on 9 Day Buy Impact

- a. Reported that the 9 day buy impact reduced occupancy about 9% from last year but more members were able to use the resort.

2. Update on 24 Hour Rule

- a. With the implementation of the 24 hour rule, daily storage had increased. Our goal was to “educate” the members on this rule change and the front desk did an excellent job in doing so! The Welcome Center was pleased with members alerting them of their vacancy of their site each night they were planned to be out of the park.
- b. Tim presented a bid from Underground Specialists to perform the work to install sewer in the meadows. DENR has approved the design with one minor change that the waste had to be injected into a manhole before it could be pumped out. The bid from Underground Specialists was for \$149,800. The next closest bid was from RCS Construction and was for \$305,583. After verifying references, and upon receipt of Performance Bond, it was determined Underground Specialists should receive the bid. This bid was closer to previous estimates received from other contractors earlier in the year.

Motion by Millie to award Underground Specialists the bid for the Meadows sewer project. Seconded by Elmer.

Discussion included widening some of the roads to allow for easier maneuvering into certain RV sites, removing site 44 and replace with a parking lot for Picnic Shelter B, reposition site 45 to allow for the parking lot, reposition sites 11, 12 and 13 for better utilization and access. In removing site 44, water and sewer will be stubbed next to the Picnic shelter for future addition of a restroom.

All in favor. Motion approved.

12:10 PM Lunch Break

The BOD Workshop was reconvened at 1:00 pm.

NEW BUSINESS

1. Proposed changes for 2019

*A motion was made by Millie McCormick to amend Rules and Regulations #4, Page 33, Length of stay to say, "Certain memberships that do not allow for the ability to purchase their 9 days out, may be allowed to purchase them at the current buy rate, in the Meadows only, when available, within 72 hours of their scheduled departure date."

Bobb Stout 2nd the motion.

No further discussion, motion carried.

2. Review of re-sale program

Paul explained that the cost of doing transfers is not cost effective. We had 85 external transfers and 72% of those were directed by HR members to buy memberships on Craigslist as they are cheaper than buying through Hart Ranch. Buyers are getting inaccurate information as to what that membership entails as rules and usage changes have went into effect since that membership was originally sold. In an effort amp up our re-sale program the following motion was made:

*A motion was made by Bobb Stout to increase the transfer fee to \$1000.00 per membership, increase the referral incentive fee paid to members to \$250 when their referral purchases a membership through the Hart Ranch Sales department, and add a \$100 listing bonus to members who list their membership for resale through the Hart Ranch Sales department effective November 1, 2018.

Millie McCormick 2nd motion

No further discussion, motion carried.

3. Seasonal sites for 2019

*A motion was made to allow for 5 Meadows sites to be available for seasonal rental at a rate of \$700/month for 4 months and \$750/month for 3 months. Members to be selected by lottery on January 15, 2019. This will be conducted on a trial basis for the 2019 summer season. Board will review at the conclusion of the season at the Fall Quarterly Board Meeting.

4. Review of fees

*A motion was made by Millie McCormick to keep Associate fees at \$25 (plus tax) if paid prior to March 1, 2019. If paid on March 1, 2019 or later, Associate fees will be \$100 (plus tax).

Bobb Stout 2nd motion

No further discussion, motion carried.

Current rate structure for all other fees/rates will remain the same for the 2019 season.

5. Technology Options

- a. VAST presented their proposed services to upgrade our Wi-Fi, fiber, cable and phones. Their product will have 500MB as opposed to our current 100MB bandwidth. They are a South Dakota vendor, will have local 24 hour customer support, will offer a tiered level of service with basic Wi-Fi for free and increased levels of bandwidth for additional fees (to be determined) for the cost of \$7000.00 per month for a contract term of 5 years.
- b. Sue Gaines did extensive research on obtaining new reservation software to handle our growing needs and the conclusion is that no packaged "off the shelf" campground software can meet the business requirements and rules for Hart Ranch. The decision was made to stay with TSW and we would further educate ourselves to see "what else" our current software can do for us.

6. Youth Recreation Center

Angie Tejeda, activities director, proposed a new recreation center for youth to allow for the adult members to use the lower lodge exclusively while providing a fun, safe environment for our youth. The cost to lay down the concrete pad, install electrical and stub in the sewer lines and build the shell of the building will have a cost of about \$86,000. We will build the building in house and this will be a “work in progress” project and will grow in process as the budget can support. The current activities shed could be used as a proper storage facility for the pool chemicals. This new center would be located in the area of the horseshoe pits and would have amenities such as restrooms, movie watching area, kitchen, areas for pee wee and junior campers, pool tables, socializing area, patio/picnic overlooking playground and center court. This improvement will allow for all of the activities equipment, staff and director to be in one building, providing more efficient services to our members.

7. Presentation of 2019 Budget

- a. Prior to reviewing the budget, the 2019 Spring Creek Grille proposed operational strategies were reviewed. At the present time, it is management’s opinion that Hart Ranch no longer sub-leases this part of the resort operation. After varying degrees of success after 8 seasons of being sub-leased, management considers this to be an integral part of the entire resort and is compelled to operate it with our members and staff. Part of the operational philosophy will include the following:
 - i. Modifying the hours to be open 6am-1pm Sunday-Thursday and 6am-8pm Friday and Saturday.
 - ii. Currently we are pursuing a partnership with Dark Canyon Coffee and will offer a variety of coffees, espressos, lattes, teas and smoothies. We will continue to focus on a strong breakfast product including introducing Black Hills Bagels onto the menu. We’d like to provide a hand-pattied burger with fresh cut fries as well as expand the pizza options. We are also looking at a variety of healthy, perhaps gluten-free items as well. Much of the menu is yet to be determined pending product pricing, customer demand and equipment capacity.
 - iii. Dinners will only be served on Friday and Saturday evenings and may be as simple as featuring a “Member recipe of the night”, in addition to a selection of burgers and pizzas.
 - iv. The layout and design will be modified to accommodate an “order at the counter” concept in lieu of wait staff. The current waitress station will be removed to provide a more open look as well as counter top for ordering and picking up the food as well as placement of the espresso, coffee and smoothie making equipment.
 - v. A coffee “station” will be provided for patrons to select their own coffee from a variety of “flavors of the moment” featured daily.
 - vi. While there is much to be determined yet, we are confident this new concept will attract a more diverse audience while still appealing to a traditional breakfast selection. We look forward to announcing more details in the weeks and months to come.
- b. Capital Improvements. Tim Schnabel went through the Capital Improvement spreadsheet, highlighting the following:

Hart Ranch Camping Resort
Approved Capital Improvement List 2019

Restaurant

Qty	Description	Cost Each	Total	Expensed (approved)	Capitalized (approved)
1	Pizza oven	\$ 4,500.00	\$ 4,500.00		\$ 4,500.00
10	Wood blinds	\$ 150.00	\$ 1,500.00	\$ 1,500.00	\$ -
1	Coffee Grinder	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -
1	Smallwares	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ -
1	Holding/steam table	\$ 3,000.00	\$ 3,000.00		\$ 3,000.00
	TOTAL		\$ 12,500.00	\$ 5,000.00	\$ 7,500.00

Lodge

Qty	Description	Cost Each	Total	Expensed	Capitalized
6	Updated computers	\$ 1,200.00	\$ 7,200.00		\$ 7,200.00
	TOTAL		\$ 7,200.00	\$ -	\$ 7,200.00

Maintenance					
Qty	Description	Cost Each	Total	Expensed	Capitalized
	Cabins				
1	Gravel for Storage	\$ 7,500.00	\$ 7,500.00	\$ 7,500.00	\$ -
1	Expand Restaurant parking (gravel only for this year)	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
1	3 additional parking lots	\$ 2,500.00	\$ 2,500.00	\$ -	\$ 2,500.00
2	Travel TrailerS to replace existing rental 5th wheel	\$ 16,500.00	\$ 33,000.00	\$ -	\$ 33,000.00
	Maintenance			\$ -	\$ -
7	Replace stall doors in women's restroom at pool	\$ 500.00	\$ 3,500.00	\$ 3,500.00	\$ -
1	Remodel Dakota 398--1 bedroom/4 bunks	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	
7	Remodel Dakota Cabins (Flooring, stove, counter-tops, night stand	\$ 3,500.00	\$ 24,500.00	\$ 14,000.00	
	TOTAL		\$ 77,000.00	\$ 26,000.00	\$ 40,500.00
Housekeeping					
Qty	Description	Cost Each	Total	Expensed	Capitalized
3	Sofa sleepers	\$ 700.00	\$ 2,100.00	\$ 2,100.00	\$ -
6	Twin mattress sets (7 for Dakota's--Custom size (thinner??)	\$ 600.00	\$ 3,600.00	\$ 3,600.00	\$ -
2	Install vanities in Remingtons and Winchester	\$ 500.00	\$ 1,000.00	\$ 1,000.00	\$ -
5	Replace carpet in Breck lofts (with vinyl plank?)	\$ 500.00	\$ 2,500.00	\$ 2,500.00	\$ -
6	Queen mattresses for Colt II's	\$ 300.00	\$ 1,800.00	\$ 1,800.00	\$ -
5	Queen mattresses for Cheyenne's (467,470,473,475,476)	\$ 300.00	\$ 1,500.00	\$ 1,500.00	\$ -
7	Queen mattresses for Dakota's	\$ 300.00	\$ 2,100.00	\$ 2,100.00	\$ -
	TOTAL		\$ 14,600.00	\$ 14,600.00	\$ -
Pool					
Qty	Description	Cost Each	Total	Expensed	Capitalized
1	Stairs	\$ 4,000.00	\$ 4,000.00	\$ -	\$ 4,000.00
1	Replace Sand in sand filter	\$ 5,000.00	\$ 5,000.00	\$ -	\$ 5,000.00
3	spa pumps	\$ 2,500.00	\$ 7,500.00	\$ 7,500.00	\$ -
	TOTAL		\$ 16,500.00	\$ 7,500.00	\$ 9,000.00
Activities					
Qty	Description	Cost Each	Total	Expensed	Capitalized
1	Rec Center (bldg, concrete, plumbing, electrical)	\$ 86,000.00	\$ 86,000.00	\$ -	\$ 86,000.00
1	Brick patio at PS-A (1400 sf--extra 15' out on 2 sides)	\$ 3,500.00	\$ 3,500.00		\$ 3,500.00
20	Lower Lodge chairs	\$ 50.00	\$ 1,000.00	\$ 1,000.00	\$ -
	TOTAL		\$ 90,500.00	\$ 1,000.00	\$ 89,500.00
TOTAL AMOUNT OF CAPITAL IMPROVEMENTS 2019			\$ 218,300.00	\$ 54,100.00	\$ 153,700.00
LONG-RANGE PLAN ITEMS FOR 2019					
Qty	Description	Cost Each	Total	Expensed	Capitalized
	Buildings & Land				
4	Cheyenne Siding (materials only--no labor)	\$ 6,000.00	\$ 24,000.00	\$ 6,000.00	\$ -
1	sewer in Meadows	\$ 149,000.00	\$ -	\$ -	\$ 149,000.00
	Vehicles				
1	Towter	\$ 45,000.00	\$ 45,000.00	\$ -	\$ 18,000.00
	TOTAL LONG-RANGE PLAN ITEMS FOR 2019		\$ 69,000.00	\$ 6,000.00	\$ 167,000.00
TOTAL AMOUNT OF Long-Range Plan IMPROVEMENTS 2019			\$ 287,300.00	\$ 60,100.00	\$ 320,700.00

Upon reviewing the proposed budget, the Long-Range Plan items were reduced to the preceding items with a combination to be expensed as well as capitalized. It was then decided to update the budget and review for final approval at tomorrow's Board Meeting.

Meeting was adjourned at 6:14 pm.