

Frequently Asked Questions About the Club Budget Process

Our Budget is the result of months of hard work, countless meetings, and more than a few spirited discussions between the many dedicated and talented people who work on it. Those people – our volunteer members and our professional management team – deserve our thanks.

In the interest of informing our members about this complicated process, here are a few of the most frequently asked questions (and answers) about our Club's budget:

Why is our budget process so difficult?

Our Club is a large and complex organization. We have over 2,500 member families (resident and nonresident), over 350 employees, a huge and demanding physical plant, and an operating budget of about \$13 million per year. Our members have wide-ranging needs and desires, and our mission to fulfill all of those needs forces us to make many difficult choices.

We challenge ourselves each year to produce a budget which provides for an optimal combination of programs and services at a reasonable cost to our members. No easy task.

How is our budget prepared?

Our management team prepares a draft budget for our Finance Committee. This draft is based on expectations set by our Board of Directors, and on very detailed revenue and expense projections submitted by each of our department heads. Our Finance Committee reviews the draft, makes modifications, and then submits a recommended Budget to our Board of Directors for their final review and approval.

Where do our dues dollars go?

Our dues support our Club operations in many important ways, including: facilities maintenance, administrative costs, utilities, taxes, capital expenditures, and debt service.

Our dues dollars also support most of our member programs and services, to the extent that those do not “pay for themselves.” Only two areas of our Club's operations generate enough revenue to exceed the cost to provide them: our guest rooms and our banquet operations. Everything else requires some level of dues support. The most difficult aspect of our budget process is determining the optimal allocation of dues to our member services (golf, tennis, fitness, pool, dining, social events, etc.).

Why do our dues keep going up?

Assuming that our membership is stable, our dues go up to cover increases in our annual operating expenses and capital spending (for new and replacement equipment). Our largest expense obligation by far is our staffing costs, and we face significant increasing costs to retain our dedicated, well-trained staff in a tight labor market.

Could we raise more revenues in order to keep our dues lower?

We have come close to maximizing our non-dues revenues. We charge our members about as much as we reasonably can for non-dues items (food and beverage, guest fees, social events, cart rentals, indoor tennis, fitness classes, etc.). In addition, there isn't much more that we can “sell” to our members to raise new operating revenues. Finally our tax status as a non-profit club strictly limits our ability to generate revenues from outside sources not directly related to member service.

Could we cut expenses in order to keep our dues lower?

Yes, but our members would probably not like the outcome. Our Finance Committee and management team have worked hard in recent years to structure our costs as efficiently as possible. As a result, we believe that almost any meaningful expense cuts would require reductions to member programs and services. Our members expect a well-maintained club with a full range of excellent services, and we need the financial resources to meet those expectations.

Will our dues keep going up in the future?

Almost certainly yes. This year our Finance Committee prepared a Five-Year Cash Flow model to project dues and expenses farther into the future. This model projects that we can maintain our current level of facilities, programs and services into the foreseeable future (assuming that our membership remains stable or grows slightly, and that inflation remains at current levels) with annual dues increases in the 5-7% range.

Will we have assessments for capital projects in the future?

We must assume that our Club will have major capital needs in the future. The real question then is, "How will we pay for projects when they come up?" The two keys to avoiding member assessments are: to maintain a vibrant, active membership that supports our Club operations along with a sufficient level of annual capital spending, and; to build our Capital Reserve Fund (CRF) so that we can pay for major projects as we need them. We intend to do both.