

**DEL MESA COMMUNITY HOMEOWNER'S ASSOCIATION  
FINANCE COMMITTEE (FINCOM) SPECIAL MEETING  
Wednesday, 21 Sep 2020, 10:00am**

1. **CALL TO ORDER:** Committee Chair and DMC Board Treasurer, Nancy Jones, called the meeting to order at 3:30 in the Del Mesa Carmel Crystal Room and via Zoom.
2. **ROLL CALL:**  
*Committee Members Present*  
Chair Nancy Jones, Maryellen Eisenberg, Susan Franks, Tom Mallett, Marty Rubin, Lori Silver, Mark Vanlerberghe.

**Others Present**

General Manager Richard Cox, Finance Director Anthony Lombardi, all Board members and several non-Board members.

**3. AGENDA REVIEW/APPROVAL**

From goals developed by the Finance Committee and presented to the Board, staff created first drafts of the Operating Budget and the Reserve Budget. These goals included no increase in HOA assessments and maintaining reserves at a minimum level of 31% (according to ARA, 31-69% is considered a fair level of funding). FinCom has reviewed these drafts and revisions were made.

Nothing is solidified as of this date. This special meeting of the Finance Committee is being held to review these drafts before providing FinCom's recommendation to the Board. Resulting budgets will be presented to the Board and the membership at the 19 Nov Board meeting. Final, approved budgets are due to go out to the membership by 30 Nov.

**4. DRAFT 2021 OPERATING AND RESERVE BUDGETS**

Review followed of draft documents from Anthony Lombardi placed in mailboxes on 2 Nov.

**Operating Budget (including the new Capital Acquisitions Fund)**

Nancy reported that FinCom has reviewed the Operating budget draft department-by-department. Anthony explained that the new merger of the Grounds and Maintenance departments would be called Community Services. We questioned account 7010 Legal Fees; this included lawsuits and revision of our governing documents. Account 7125 Outside Labor Expense was for response to the Business Continuity Plan RFP. Insurance was budgeted at a 15% increase; the broker suggested 20%. Food & Beverage and Guest Room departments were budgeted as if we were still under COVID restrictions (i.e., these were conservatively budgeted). Guest room charges were increased for 2021 (from \$129 to \$135). The new Community Services department is budgeted at 19 FTEs, down from the 2020 staffing level. Most of the Utilities accounts were estimated at a 5% increase over 2020; none of these is certain. You will note that we are assuming that we will be forgiven our PPP loan in full.

**Reserve Budget (which includes the Healthy Forest Fund)**

The draft reserve budget started with the projects from the ARA Reserve Study that were described for 2021. Those were individually reviewed for need and cost, with some items delayed to future years. To that list was added some projects not completed from 2020, some

new items including infrastructure issues that we need to deal with and those member-suggested projects we think can be done within our financial resources.

The CONTRIBUTIONS part of this budget comes from interest on our reserve accounts and a number called “membership dues” that is developed after the reserve list is created and will be used to get into the HOA dues number. It adds to the Operating budget numbers.

The Infrastructure grouping comes from the ARA study. Each component ID line in this group is a line in that study, as modified by information from staff (Dirk). Concrete walkways and grounds equipment were increased in cost, based on staff identification of need (and this was a member-suggested project). Landscape lights and wiring need replacement, a new John Deer Gator and a club car are needed as New Facilities equipment. To pay for this, the landscape cost estimate was reduced.

The Clubhouse group items all come from the ARA study, with those estimates used as valid.

The Guest House group includes the televisions that were authorized in 2019, but not yet ordered; they have been delayed until after repainting is done. The member-suggested project to replace lights between the beds is included.

The Laundry Rooms group represents taking the member-suggested project to upgrade all 15 laundry rooms and spreading them out to 3 years.

The Pool House & Fitness Center group implements the member-suggested project to replace the equipment in the fitness center in 2021.

The Residential Units group includes all the ARA items, at their estimated cost and adds gutters that were not done in 2020 when new roofs were installed. The member-suggested project to replace decks is component ID 603 on this list and project to inspect foundations is ID 2301.

The Reserve Budget ends with the \$150K allotted to the Healthy Forest Fund.

The bottom line for the Reserves is that this plan keeps our reserves at 32%.

## **5. IMPACT ON 2021 HOA DUES**

As the budget draft documents packet illustrates, the impact on the proposed 2021 Operating Budget and the 2021 Reserve Budget is a preliminary 2.9% increase in HOA dues for 2021, leaving reserves at the 32.02%.

Page 1 of the handout shows the 2020 dues and the proposed 2021 dues for each unit class, ranging from an increase of from \$31.78 to \$52.44 per month. Anthony prepared a chart that separates the proposed new HOA assessment into its component parts and this was presented.

## **6. OPEN DISCUSSION**

Members were invited to make any comment they want to.

Q/C = question/comment, A/R = answer/response

Anthony-C: good job. All work done by staff and committee.

Brian Hauf-Q:account 7850, if the gym is closed, should we be charged" A: the pool is not closed and Comcast used for surveillance.

He proposes closing the gym and the pool. A: a lot of people ask about the pool and also to open the exercise room and spa. A request is being submitted to the Health Department to open these for the benefit of our health.

Q: accounts 4212,4215 do we subsidize alcohol? A: No.

Q: account 7850-why? A: this adds wifi to top of hill.

Q: what is account 8320-pest control for, do we have pests? A: This is to keep us from having a problem.

Q: account 7840-why 25% on water? A: this could be conservative, but we expect a 15% increase in water costs next year, but there is also a new pass-through surcharge of 10%, to be applied indefinitely.

Q: reserve component ID 500-why laundry room upgrade? A: each laundry room has been examined, some have heaters disconnected, no GFI, jalosie windows, old sinks, faucets, door frames. B&G did a spreadsheet. Anthony noted that the ARA study scheduled these projects over next few years, we moved into one year.

Q: reserve component ID 701-does this include in-floor heat? A: Yes.

Steve-Q:in the dues pie chart what is Utilities/Other? A: Waste disposal, telephones in the clubhouse.

Fran Farina-C: pool usage: she was waiting to use her turn, since there were already 3 people inside, it's good therapy.

C: Water costs-new water source was not previously in our bills. Monterey pipeline added, new pump. PUC has authorized new rate and we also have \$10M in uncollected revenues. She supports 25% (maybe a little less).

Q: what is being done on dining room minimums. A: will be addressed.

C: Pine needles on the roof-worker's comp lowered since one employee fell. Where in budget? A: not in a line item, part of work schedule.

Q: Are we putting employees back on roof? A: yes, but with the proper harness.

C: She's been in fires in Santa Barbara that blow embers. Pine needles need to be removed.

Gigi Wharton-C: someone called her today and said someone was on the roof without safety gear. R: call Richard.

Donna Johnston-Q: what is 4700, Resident Services-Labor? Does this affect the matrix in the back of the Green Book that identifies what servcies DMC provides? A: this has nothing to do with our services (which remain as defined), this is the opporutunity to have residents do other work for residentsm, as an option for residents.

Mary Rogers-Q: revenue side. Are we assuming PPP? Healthy Forest income? A: monies we get back will seed the fund for future projects.

Sandy Spooner: we are to get money, but unclear how much. 20-page treatment, we get paid back a certain %, this year we're not funded. In 2021 we should get money for what we did in 2021. Spent \$107K and reimbursed for \$7K. Secretary Perdue took away the budget. When

treatment is completed, our forester submits our application for reimbursement, which runs 5%-70% And because of members that wouldn't sign, \$14K per member who wouldn't sign.

Joann Hacker-Q:account 8130, contract tree work, (\$48K) what is this? A: This is for trees inside our footprint. Remove trees. Q: Do we provide any training for those who trim trees? A: this is outside contract work. She's been here 20 years, this needs to be done. This will be passed on to Dirk.

Gigi-C: we need to prune properly.

Mary-C: contract tree work, used when trees are too large to just prune. Needs to hire outside company that brings in equipment.

Donna-C: there is a tremendous difference between tree-felling and tree-pruning.

## **7. ADJOURN**

With no further business, the meeting was adjourned at 4:40pm.