

2024 GRF Budget Review



Overview



CAPITAL & RESERVE
FUNDING



MAJOR INFLUENCING
FACTORS



DEPARTMENT
REVIEW



Proposed 2024 Budget

Proposed increase of

\$20.02

Per Apartment Per Month

=10.36% or \$213.25 PAPM



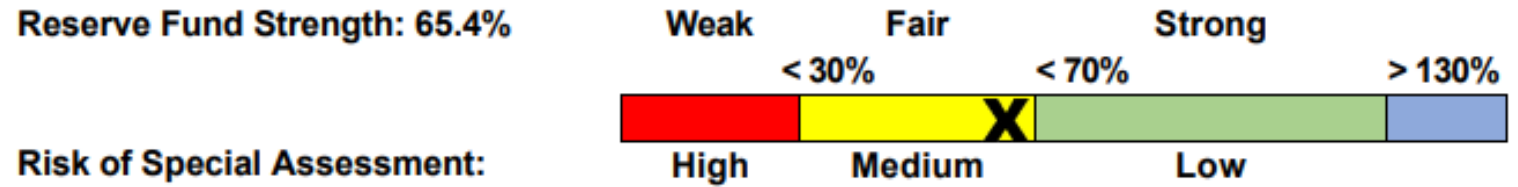


Reserve and Capital Funding

Reserve Funding

Medium Risk at 65.4% funded (down from 65.9%)

Reserve Fund Strength: 65.4%



Recommended 2024 annual contribution is \$2.74 million*

**At this funding rate, Reserves remain at a medium risk until 2028*

Higher Risk = Higher Risk of Special Assessment

Minimum annual contribution to keep Reserve balance above \$0 is **\$2.25 million**

The current proposed 2024 budget has an annual contribution of **\$2.53 million***

**\$216,600 less than the recommended annual contribution*



Capital Funding

Capital improvement funds are not technically reserves but are clearly earmarked by internal policy 40-5340-1 “...(the Fund) is an accumulation of funds used to cover the cost of expenditures for new projects...”

Amenity fees is the only source of funding for Capital Improvement Projects.

- This is influenced by the real estate market.
- The proposed budget represents a 90/10 split of 2024 amenities fees to fund capital \$250,000.
- Capital plan required** to be approved



Reserve &
Capital
Funding

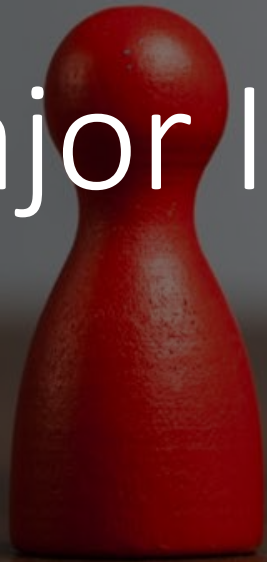
Why is this important?

Lessen the risk of a special assessment*

**Per Civil Code 5515(e), the Board can levy a special assessment to recover expended Reserve Funds.*

Fulfilling your fiduciary duty includes making tough decisions for the community as a whole

Major Influencing Factors



Employee Salary & Benefits

- ✓ Leads to a reduction in employee turnover including a substantial decrease in the associated costs
- ✓ Attract and retain quality employees, which results in continuity and increased customer service
- ✓ 6 FTEs are ODO that are being reallocated to GRF Employee count
- ✓ Additional 1.83 FTEs
- ✓ Adding merit pool (removed for 2023) back into budget
- ✓ Increasing ODO temporary hours to more realistic number



Other Influencing Factors



Increased Costs

- ✓ Janitorial & Landscape Contracts
- ✓ Utilities
- ✓ Hospitality Costs – Water, coffee, tea, etc.. In clubhouses and throughout departments
- ✓ Periodic Mailout Costs – Audit & budget unaccounted for in years prior
- ✓ Cybersecurity and computer maintenance
- ✓ Liability insurance

Decreased Revenue

- ✓ SRO labor recovery (even with proposed 5% increase in labor rates)



Department Review



Department Revenue Review



Assessments (Carrying
Charge) - \$213.25

Paid Per
Apartment Per
Month



Other Cost Recovery-
\$89.81

Escrow fees,
amenities fees,
HomeWise docs,
Sponsorships &
advertising, Rental
income, SRO labor
recovery

Department Expense Review



Administration - \$17.21

Liability insurance



Human Resources - \$187.32

All employee costs under HR. Increased salaries (merit pool), ODO labor, taxes, benefits



Members Services - \$6.51

Increased audit fees, periodic mail outs



Facilities- \$42.87

Janitorial, utilities, gasoline, tools & equipment costs



Recreation - \$4.95

Hospitality, library supplies & subscriptions



Communications- \$2.92

Newspaper printing & distribution



Information Technology - \$6.20

Cybersecurity, third party contractors for website & Dynamics, mobile device management and email archiving



Contributions - \$35.08

Reserve & Capital Contributions