



The Mission of the Community Council is to facilitate a connected and welcoming community that instills pride and a sense of belonging in each DC Ranch resident. The Council's work includes visioning and facilitating initiatives that enhance residents' quality of life, serve collective interests and promote the DC Ranch brand. These benefits make DC Ranch a very special place to live.

DC Ranch Community Council Board of Directors BOARD MEETING – Budget Workshop

October 19, 2023 | 5:30 p.m.

**Hybrid Meeting; Attendance welcome at The Homestead Community Center or via [Zoom](#)
(Council Board and Staff will be in person at The Homestead.)**

AGENDA

- I. Welcome
- II. Presentation of Proposed 2024 Community Council Operating Fund Budget and Discussion
- III. Adjourn Meeting

Residents wishing to speak on the budget during the meeting are asked to submit a comment card to Melissa Fuentes prior to the start of the meeting. Each resident will be acknowledged and invited to speak; verbal remarks are limited to approximately three (3) minutes. All residents should step to the podium to speak in person; if attending virtually, they will be unmuted and invited to speak.

COMMUNITY VALUES

- Sense of Community
- Healthy Lifestyles
- Artistic and Cultural Opportunities
- Diversity and Inclusiveness
- Lifelong Learning
- Family
- Environmental Stewardship
- Relationship with the Larger Community



DC Ranch Community Council

To: DC Ranch Community Council Board of Directors

From: Jenna Kohl, Executive Director
Dee Nortman, Director of Financial Operations

C: Elizabeth Kepuraitis, Treasurer

Date: 10/12/2023

Subject: *2024 Operating Budget Proposal*

Overview

The 2024 Operating Fund budget is presented to the Board for consideration. The budget as proposed is balanced at \$5,232,500, including an assessment increase.

This memo gives a high-level overview of the budget; more detail will be provided at the meeting.

Summary

The 2024 budget as proposed reflects an increase of 7.8% over 2023 budget figures, taking into account the increase in expenses and decrease in non-assessment revenue. This includes an assessment increase of \$9/mo, including an additional \$1.57 allocated to the reserve fund.

When developing the budget, the team takes into consideration Board direction, Finance Committee recommendations, core services, prior years' experience, strategic plans, resident input (i.e. resident surveys), capital projects, and reserve fund requirements.

2024 Budget Factors and Considerations

Key factors impacting the 2024 budget:

- *Impact of Desert Camp Community Center Closure.* A common question is whether the 9–12 month closure of Desert Camp Community Center during construction will result in a reduction in assessments. The budget shows a slight reduction in certain costs for the first three quarters of 2024, and then an increase in Q4 when the center is anticipated to reopen; any savings is negligible and is offset by other operating costs.

Desert Camp represents approximately 21% of the Council's overall expense budget. Approximately 16% is personnel costs for staff that either work at The Homestead or will be reallocated to support activities moved to The Homestead. Added employee duties will include overseeing construction operations and tasks associated with the reopening of Desert Camp, such as exercise equipment and facility planning. Most costs are not eliminated, such as pool maintenance and groundskeeping. Building utilities will need to remain available at the job site. Most vacant positions and new hires will not be filled until the reopening of the facility nears.

- *DCSIP Operating Costs.* With the reopening of the facility anticipated in August, the projected related costs are aligned in the budget with that timeframe. Those costs include utilities, staffing, preventative maintenance for equipment, and other related expenses.
- *DCSIP Financing.* Should the Board elect to secure financing for a portion of the DCSIP, the debt service will need to be provided for in the budget. This is reflected in a transfer into the capital fund in the amount of \$26,000 in 2024, which is for minimal interest expense that could be incurred after Council capital funds are expended.
- *Reserve Contribution.* In 2023, the Board committed to designating a portion of the monthly assessment to fund the reserves. The Board's proactive, long-term vision is to ensure that the reserve fund maintains a minimum 80% funding level. Currently, out of the \$69 assessment, \$12.43 is dedicated to reserves, an increase of \$6 over 2022. The recommended increase to the reserves in 2024 equates to a \$1.57 increase in the assessment.
- *Insurance.* Insurance cost has yet to be finalized but is estimated (and budgeted) to represent an \$18,000 (24%) increase over 2023 budgeted premiums. However, the true increase is estimated at \$7,000, which is an 8% increase over 2023 actual premiums.
- *Management Fee Agreement.* The Community Council and Ranch Association partner to share costs to create efficiencies and maximize cost savings. The Executive Directors and Director of Financial Operations outline these synergies in an annually updated management agreement, with costs reallocated through the management fee line item. Major categories include shared staffing expenses (communications, finance, landscape, maintenance); office expenses such as the lease, equipment, printing, and technology expenses; community patrol; community relations and board support; and contracts such as mowing, waste hauling, and pest control. High level changes to streamline the management fee allocation in 2024 include adding in items for cost sharing, reallocation of personnel particularly related to Covenant Commission, and shifting which organization pays for what expenses. Thus, while the management fee allocation appears different than prior years, the budget impact on the bottom line is minimal when compared to 2023.

Revenues

Significant changes include:

Item	Impact	Amount	% Change v. 2023 Budget	Notes
Assessments (commercial and residential)	Increase	\$396,576	13%	The budget reflects a \$9 per unit per month assessment increase.
Benefit Fees	No change	-\$0-	N/A	No change.
Charitable Events	Decrease	(\$50,000)	100%	Cancellation of Charitable Event in 2024 (offset by \$50k in expense, zero net change)
Events/Programming	Increase	\$20,000	22%	Slight increase in revenue, most notably for fitness classes (+\$15k)
Facility Rentals/Resident Access	Decrease	(\$16,000)	-94%	Due to closure of Desert Camp
Management Fee	Decrease	(\$237,000)	-63%	Due to changes in the management fee; shared staff and common services and supplies.

Interest	Increase	\$28,000	4100%	Modestly estimated at a 3-month cash balance and ½ the current earnings rate.
Other	Increase	\$1,124		
Total Change	Increase	<u>\$142,700</u>	3%	

Expenses

Significant changes include:

Item	Impact	Amount	% Change v. 2023 Budget	Notes
Personnel (salaries, benefits, 401k, payroll tax)	Increase	\$5,000	<1%	Salaries are budgeted with an average 4% increase. Employee insurance coverage costs are decreasing due to a change in carrier. Covenant Commission staff (2 FTE) moved to Ranch Association payroll. Adding in cost of additional staffing to support expanded community center operations in fall 2024.
Administration	Increase	\$20,000	5%	IT expenses shared in mgmt fee agreement; increase in special projects.
Charitable Events	Decrease	(\$50,000)	100%	Cancellation of Charitable Event in 2024 (offset by \$50k in revenue, zero net change)
Events/Programming	Increase	\$34,000	8%	Slight increase for cost escalations and new event elements.
Community Engagement	Increase	\$29,000	68%	Creation of Historic Committee and additional resident programming.
Communications/PA	Increase	\$16,000	26%	Brand refresh, photo/videography, increased printing, and postage costs.
Facilities and Occupancy	Decrease	(\$29,000)	-4%	Cost savings in waste hauling. Movement of mowing and landscape supplies to management fee. Decrease due to DCSIP operational impact (i.e. supplies, linens etc).
Reserve Fund Contribution	Increase	\$69,000	13%	Equates to \$1.57 in assessment increase.
Capital Fund Contribution	Increase	\$26,000	100%	Funding for debt service in 2024.
Insurance	Increase	\$18,000	25%	Estimating 8% increase over 2023 actual expense.
Other	Increase	\$4,700		
Total Change	Increase	<u>\$142,700</u>	3%	

Next Steps

The Treasurer, Director of Financial Operations, and Executive Director will give an overview presentation of the budget at the Board's Oct. 19 work session. The team will make any additional changes based on Board direction to the budget, which will then be presented to the Board at the Nov. 2 meeting for final adoption.

Attachments

- 2024 Proposed Operating Budget Summary

DC RANCH COMMUNITY COUNCIL

2024 Operating Budget

Proposed 10/19/2023

	2024 Budget	2023 Projected	2023 Budget	2024 Budget v. 2023 Budget
INCOME				
Residential Assessments	\$ 2,554,344	\$ 2,259,612	\$ 2,259,612	\$ 294,732
Commercial Assessments	882,648	803,160	780,804	101,844
Community Benefit Fees	1,500,000	2,245,299	1,500,000	-
Total Assessment Revenue	4,936,992	5,308,071	4,540,416	396,576
Community Events & Celebrations	25,300	20,745	70,595	(45,295)
Community Programming	83,140	69,419	68,308	14,832
Total Program Revenue	108,440	90,164	138,903	(30,463)
Community Center Rentals	-	19,265	13,100	(13,100)
Resident Access	1,000	4,340	-	1,000
Total Facilities Revenue	1,000	23,605	13,100	(12,100)
Management Fee	140,076	377,040	377,040	(236,964)
Advertising	8,280	2,520	7,200	1,080
Interest	28,612	68,868	665	27,947
Other Income	9,100	9,602	12,476	(3,376)
Total Other Income	186,068	458,030	397,381	(211,313)
Total Operating Income	5,232,500	5,879,869	5,089,800	142,700
EXPENSES				
Reserve Contributions	616,896	547,716	547,716	69,180
Capital Contributions	25,956	1,000,000	-	25,956
Total Reserve Expense	642,852	1,547,716	547,716	95,136
Personnel Expenses	2,827,270	2,677,671	2,821,802	5,468
Administration	314,333	278,095	303,228	11,105
Travel/Mtgs/ERR	75,120	51,844	66,529	8,591
Total Administrative Expense	3,216,723	3,007,610	3,191,559	25,164
Community Celebrations & Events	319,007	276,611	346,282	(27,275)
Community Programming	155,350	115,334	144,560	10,790
Community Engagement	70,845	33,234	42,100	28,745
Communications & Public Affairs	77,120	63,963	61,210	15,910
Total Program Expense	622,322	489,142	594,152	28,170
Ranch Offices	220,964	221,313	204,380	16,584
Desert Camp Community Center	220,447	238,290	260,395	(39,948)
The Homestead Community Center	82,685	79,935	85,447	(2,762)
MS Park/P&T/Seasonal Décor	112,160	106,065	115,060	(2,900)
Total Facilities Expense	636,256	645,603	665,282	(29,026)
Insurance (non-EE) & Taxes	90,900	84,137	73,020	17,880
Other Expenses	23,447	20,762	18,071	5,376
Total General Expense	114,347	104,899	91,091	23,256
Total Operating Expense	5,232,500	5,794,970	5,089,800	142,700
Net Operating Income/(Loss)	-	84,900	-	-