Understanding the Proposed 2027 Budget

Assessments, Reserves & Neighborhood Impact

NVM Lunch & Learn | Session 2

Monday, October 26, 2026 • Desert Camp Community Center + Zoom

DC RANCH ASSOCIATION



Scott B. Levy, MBA, CMCA, CPP
Chief Administrative Officer



Kim Visser, CMCA, AMS, SPHR
Chief Operating Officer



Phillip Christensen, MBA, CPA
Senior Director of Finance

Today’s Conversation

From budget assumptions to neighborhood-level implications

01 What changed?

Updated FY2027 draft and remaining assumptions

02 Assessment impact

What drives the proposed neighborhood assessments

03 Reserve planning

Funding levels, project timing and long-term needs

04 Operating priorities

Services, labor and contracted work

05 Neighborhood review

What NVMs should examine and discuss

06 Next decisions

Finance Committee review and Board ratification

Three Commitments Guiding the FY2027 Budget

Our decisions balance today's service expectations with tomorrow's obligations

01 Protect Service Quality

Dependable Landscape, Maintenance, security and community operations—delivered efficiently.

02 Invest in Infrastructure

Plan for roads, irrigation, drainage, gates and other long-lived assets with sustainable reserves.

03 Balance Affordability

Control costs, evaluate alternatives and avoid shifting unreasonable burdens to future owners.

Preserve the quality of life residents expect today while funding the services and assets they will need tomorrow.

FY2027 Proposed Budget | Financial Outlook

Updated consolidated figures • October 21, 2026

$12.29M

CONSOLIDATED EXPENSES

$12,289,936

Operating and reserve-related spending across cost centers

$11.74M

ASSESSMENT REVENUE

$11,742,410

Proposed funding from homeowner assessments

$556K

NON-ASSESSMENT REVENUE

$556,166

Proposed revenue from sources other than assessments

$2.32M

RESERVE CONTRIBUTIONS

$2,323,573

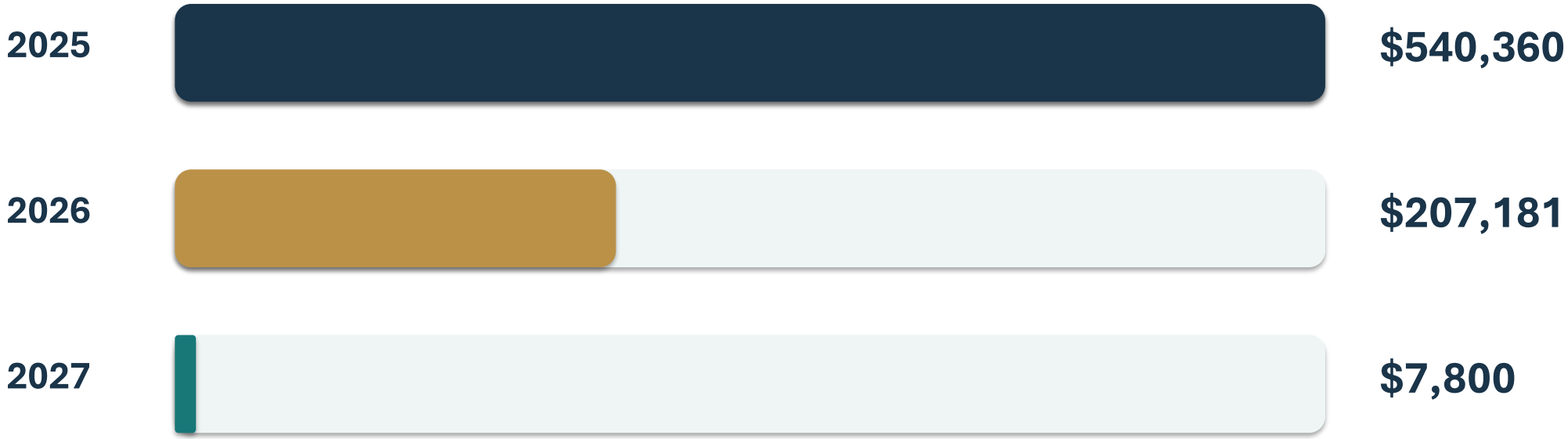
Annual funding toward future asset replacement

Budget priority: sustain essential services while planning for long-term capital needs.

Reserve contributions are part of the overall financial plan—not an amount to add to consolidated expenses. Draft pending review.

A Fundamental Shift in Inter-Entity Cost Sharing

Ranch Association net annual payment to Community Council | 2025–2027



98.6% reduction

$532,560 lower annual net payment vs. 2025

Net cost-sharing payment, not an equivalent measure of total operating expense savings.

Why Neighborhood Assessments Change

Assessment changes reflect more than Ranch-wide operating expense growth

Operating & Service Costs

Personnel, benefits, utilities, insurance, contracts and opportunities for operating efficiencies.

Capital & Reserve Needs

Updated V2 reserve studies, major project timing and annual reserve contributions.

Neighborhood Factors

Service needs, three-year labor allocations, available equity and other cost-center decisions.

One Ranch-wide percentage cannot explain every neighborhood's proposed assessment.

Reading Your Updated V2 Reserve Study

A planning tool for timing, funding and long-term neighborhood sustainability

What needs replacement?

Roads, playgrounds, walls and other reserve components

When is work projected?

Useful-life assumptions and scheduled capital expenditures

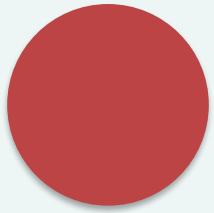
How is it funded?

Starting balance, annual contributions and projected reserve position

A reserve study informs—not automatically authorizes—project scope, timing or funding decisions.

Keeping Neighborhood Reserves “In the Green”

A consistent framework for long-term funding and planned capital investment



RED

Action Required

Below target without a credible, timely recovery plan.



YELLOW

Planned Recovery

Temporary drawdown after major work; aim to recover in ~3 years.



GREEN

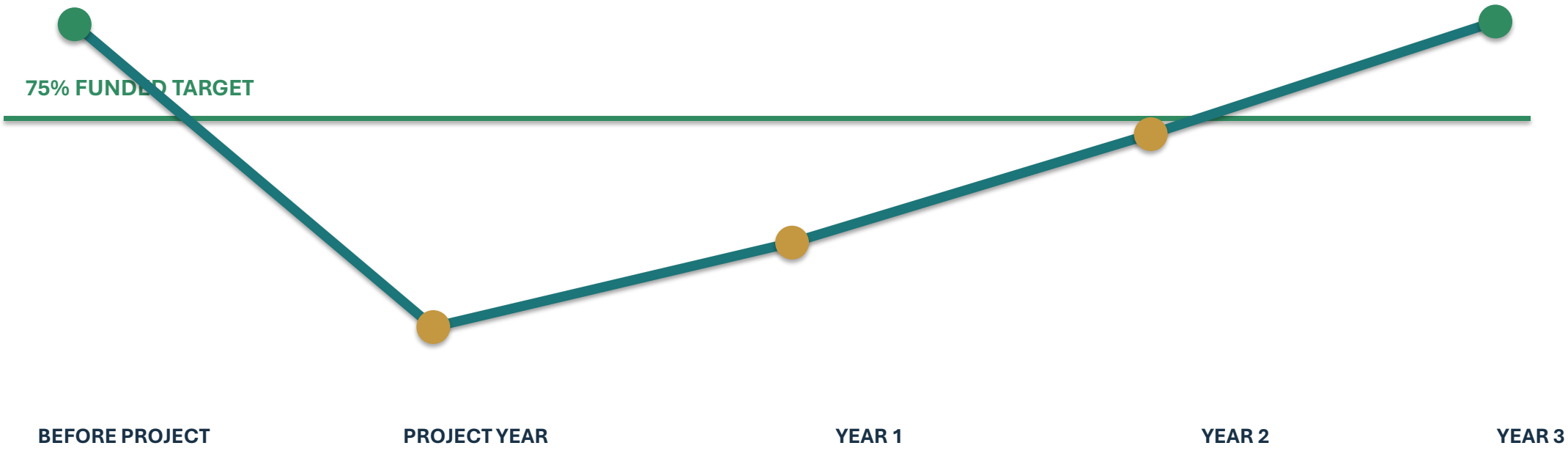
Long-Term Target

Maintain at least 75% reserve funded over time.

A temporary dip after a planned project is different from an unaddressed funding shortfall.

Reserve Funding | Planned Drawdown & Recovery

Conceptual example following a major asphalt replacement project



Illustrative only: actual funding levels, project schedules and recovery plans vary by neighborhood.

2027 Operational Priorities | Value for Every Dollar

Evaluate service reliability, asset preservation and total cost—not just the lowest initial price

Preserve Infrastructure

Prioritize roads, irrigation, gates, drainage and facilities to manage long-term replacement needs.

Sustain Service Levels

Align staffing capacity and contractor support with community expectations and response needs.

Optimize In-House Services

Consider three proposed Landscape positions alongside avoided contractor costs, equipment and service benefits.

Budget discipline means choosing sustainable value—not simply minimizing every expenditure.

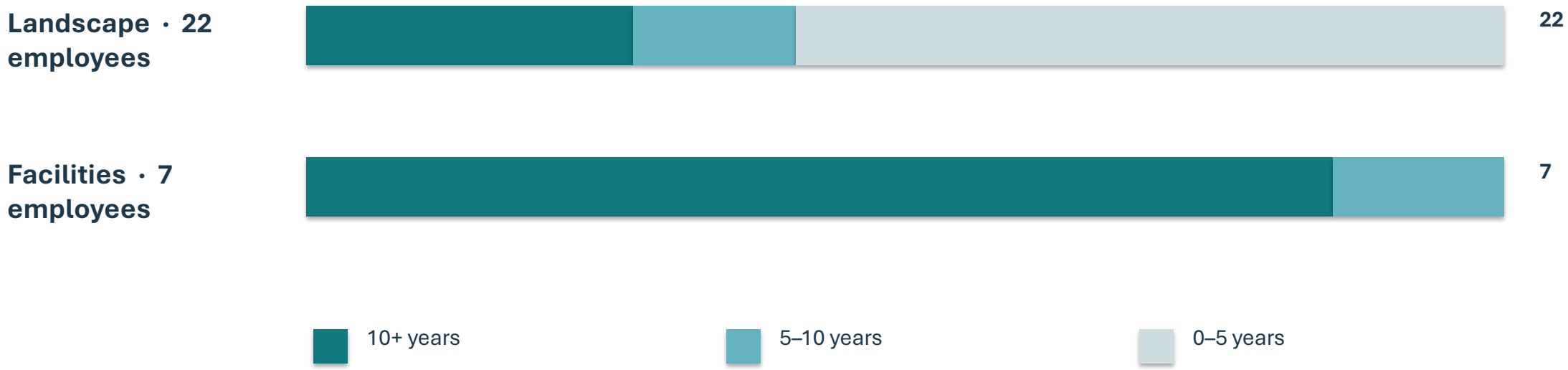
Our Landscape & Facilities Teams | Experience

Experienced employees provide continuity, institutional knowledge and dependable service

29
CURRENT TEAM MEMBERS

12
WITH 10+ YEARS

238
COMBINED YEARS AT DC RANCH



41% of current team members have 10+ years of service at DC Ranch.

The Full Cost of an Employee | 2026 Actual vs. 2027 Plan

Hourly employee cost includes wages, payroll taxes, benefits and employment-related expenses

LANDSCAPE

2026 ACTUAL	2027 ESTIMATE
$25.52	$26.85

+$1.33 per hour | +5.2% projected

Non-payroll share of 2027 hourly cost: 24.5%

FACILITIES

2026 ACTUAL	2027 ESTIMATE
$27.18	$28.62

+$1.44 per hour | +5.3% projected

Non-payroll share of 2027 hourly cost: 24.8%

2027 assumptions: 4% hourly wage increase and 17% increase in hourly benefits.

Figures exclude managers, foremen and crew leads. Based on average hourly employee cost through September 2026 and FY2027 estimates; not the fully loaded cost per productive hour used for neighborhood allocations.

Our People Are the Secret Sauce of DC Ranch

Experience • Institutional knowledge • Pride of ownership • Responsiveness

Every day. Especially on the days that matter most.





Investing in our people is an investment in service quality, operational resilience, and long-term value.

How Landscape & Maintenance Labor Costs Are Allocated

Three-year actual labor hours determine each neighborhood's proportional share of personnel costs.

01 **TRACK ACTUAL HOURS**

Record Landscape and Maintenance hours worked by neighborhood over a rolling three-year period.

02 **CALCULATE ALLOCATION**

Divide neighborhood hours by total hours for that department to determine its allocation percentage.

03 **APPLY TO COSTS**

Apply that percentage to the department's six budgeted personnel expense categories.

Six personnel cost categories — calculated separately for Landscape and Maintenance

- ✓ Payroll
- ✓ Payroll Taxes
- ✓ Benefits
- ✓ 401(k) Contributions
- ✓ Workers' Compensation
- ✓ Payroll / PEO Fees

Example: 4% of three-year Landscape hours → 4% of Landscape personnel costs. Maintenance is calculated separately.

Landscape & Maintenance Labor Allocations | 2026 vs. 2027

Cost center comparison • Year-over-year changes shown in percentage points (pp)

COST CENTER	LANDSCAPE			MAINTENANCE		
	2026	2027	Δ pp	2026	2027	Δ pp
Ranch Association	46.79%	44.01%	-2.78	47.07%	45.77%	-1.29
Desert Haciendas	1.75%	1.99%	+0.25	2.73%	2.91%	+0.18
Terrace Homes West	1.57%	1.72%	+0.15	2.48%	2.68%	+0.20
Park & Manor	2.84%	3.03%	+0.20	3.44%	3.56%	+0.12
Country Club	10.52%	10.33%	-0.19	8.60%	8.33%	-0.27
The Estates	1.30%	2.02%	+0.72	3.26%	3.08%	-0.18
Terrace Homes East	1.75%	1.86%	+0.11	3.19%	3.01%	-0.18
Rosewood	0.77%	0.72%	-0.05	0.55%	0.63%	+0.08
Camelot	2.84%	3.02%	+0.18	1.51%	1.72%	+0.21
Haciendas	1.79%	1.70%	-0.09	1.20%	1.37%	+0.16
Market Street Villas	5.99%	5.71%	-0.27	2.21%	2.79%	+0.58
Montelana	1.32%	1.33%	+0.02	0.83%	0.97%	+0.13
Windgate	9.77%	10.71%	+0.94	11.68%	11.21%	-0.47
Arcadia	3.56%	3.70%	+0.14	4.46%	4.42%	-0.04
Legacy	—	0.24%	—	—	0.21%	—
Horseshoe	5.75%	6.11%	+0.37	5.57%	5.79%	+0.22
Sterling	0.57%	0.58%	+0.01	0.82%	0.97%	+0.14
Pioneer	1.12%	1.19%	+0.07	0.39%	0.58%	+0.19
TOTAL	**100.00%**	**100.00%**	**0.00**	**100.00%**	**100.00%**	**0.00**

Source: Summary 2027B worksheet | Δ pp = 2027 allocation minus 2026 allocation | Legacy has no 2026 baseline in source.

What NVMs Should Review in Their Neighborhood Budget

A practical checklist for reviewing the proposed FY2027 figures

Assessment change

What is the dollar and percentage movement?

Reserve contributions

What does the V2 study recommend and why?

Major projects

Which items are scheduled, deferred or under evaluation?

Operating allocations

What changed in Landscape, Maintenance or shared costs?

Neighborhood equity

Is any use proposed and what is the rationale?

Questions for staff

What assumptions need clarification before final review?

FY2027 Neighborhood Assessment Schedule | 1 of 2

Monthly assessment per home; figures are draft and subject to Finance confirmation.

Neighborhood	2026	2027	Change / mo.	Change %
Ranch Master	$141.65	$144.57	+2.92	+2.1%
Desert Haciendas	$180.73	$176.86	-3.87	-2.1%
Terrace West	$166.71	$189.85	+23.14	+13.9%
Park & Manor	$151.93	$152.71	+0.78	+0.5%
Country Club	$204.13	$210.95	+6.82	+3.3%
Estates	$113.71	$127.36	+13.65	+12.0%
Terrace East	$160.76	$165.04	+4.28	+2.7%
Rosewood	$166.09	$159.37	-6.72	-4.0%
Camelot	$130.37	$133.10	+2.73	+2.1%

FY2027 Neighborhood Assessment Schedule | 2 of 2

Monthly assessment per home; figures are draft and subject to Finance confirmation.

Neighborhood	2026	2027	Change / mo.	Change %
Haciendas	$162.35	$165.09	+2.74	+1.7%
Market St Villas	$580.83	$624.47	+43.64	+7.5%
Montelana	$186.29	$186.41	+0.12	+0.1%
Windgate	$295.69	$300.92	+5.23	+1.8%
Arcadia	$508.11	$423.58	-84.53	-16.6%
Legacy	$0.00	$299.63	+299.63	N/A
Horseshoe	$221.58	$234.74	+13.16	+5.9%
Sterling	$222.63	$225.31	+2.68	+1.2%
Pioneer	$118.67	$103.44	-15.23	-12.8%

Budget Review | Final Milestones

Opportunity for review before the November 3 Board decision

OCT 28

Finance Committee — final budget review and recommendation

NOV 3

Ranch Board — budget ratification

Management will incorporate confirmed updates and communicate material changes through the review process.

Questions & Discussion

What would help you explain the proposed budget to your neighborhood?

What questions or concerns should we address before the final Finance Committee review?

Thank you for your leadership and engagement in the FY2027 budget process.