

Valle Escondido

2024 Operations Budget Analysis – Final Copy

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Notes

1. This document presents a summary of results and the information and process used by the VEHA Board during the development of the 2024 association budget.
2. The summary and body of the document presents information with the 2024 numbers consistent with the final agreed budget.
3. The appendix includes a collection of side analysis, questions, proposals etc. that were used during the process and not all numbers correspond to the final agreed budget

Valle Escondido Homeowners Association

2024 Budget

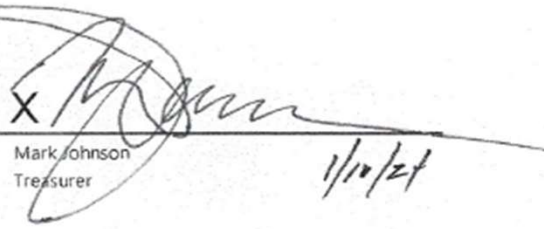
General Membership Dues	\$2040
Guest Fee	\$150
Transfer Fee	\$4500
Joining Fee	\$10000
Standby Fee	\$75
Dumpster Fee for Non-Members	\$200

Completed and Approved by VEHA Board – December 19, 2023 **


<u>Board Member</u>	<u>Approved</u>
Kathy DeLucas	Yes
Sam Bright	Yes
Peggy James	Yes
Sue Mahoney	Yes
Kendra Powell	Yes
Bill Record	Yes
Brian Van Nevel	Yes

Budgeted Capital Allocation	\$39,387
Transfer to Operations	\$29,710
Held for Reserve	\$9,677
Budgeted Curb Stop Program	\$4500
Direct from Transfer	
Budgeted Operation Expenses	\$401,093
Funded by operations	\$371,383
Funded from Capital	\$29,710

**Budget Details Attached

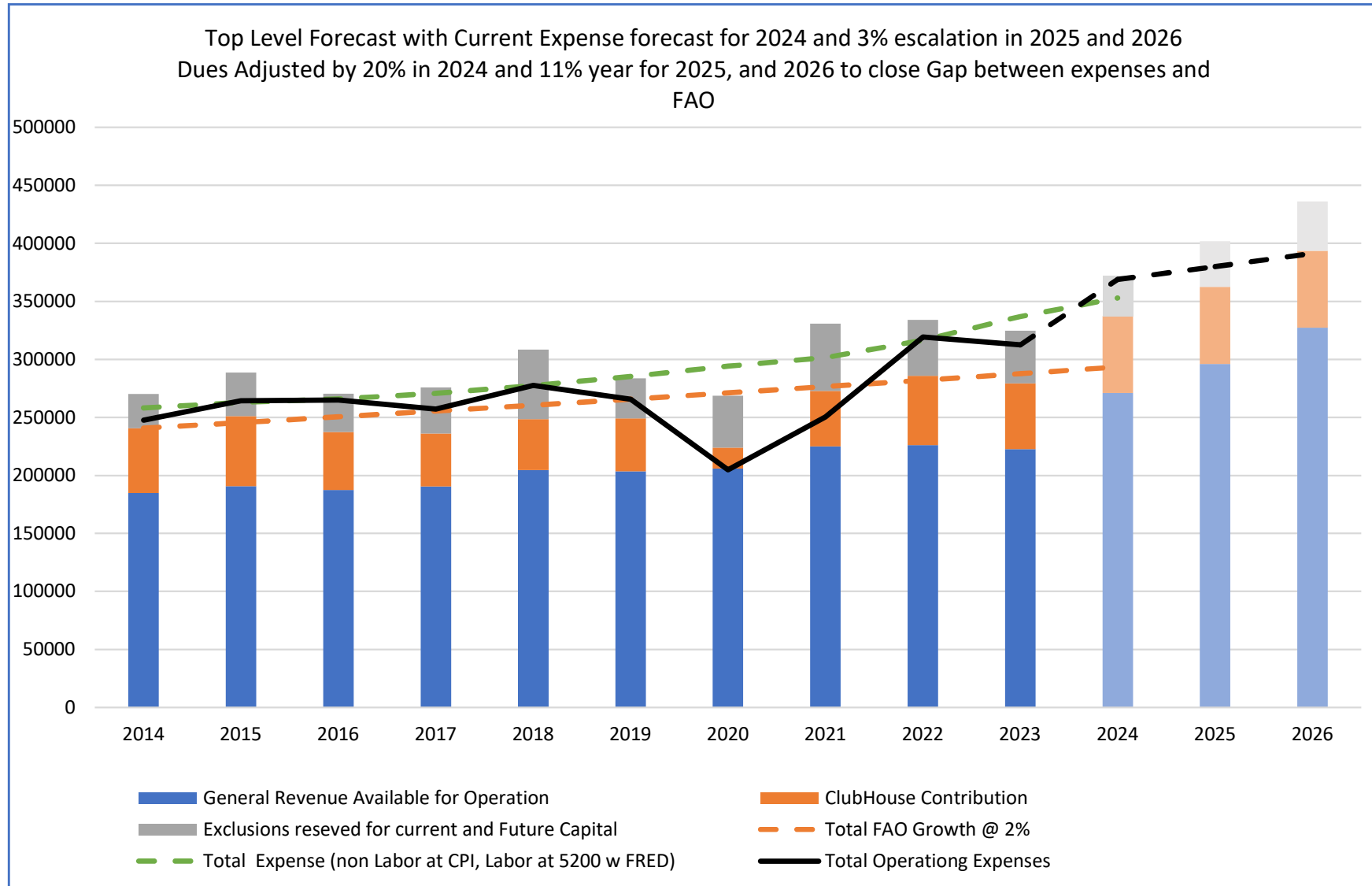
X 
Mark Johnson
Treasurer

1/10/24

X 
Kathy DeLucas
President

Summary - Top Level Plan

2024-expenses on trend; dues adjustment to start to close gap

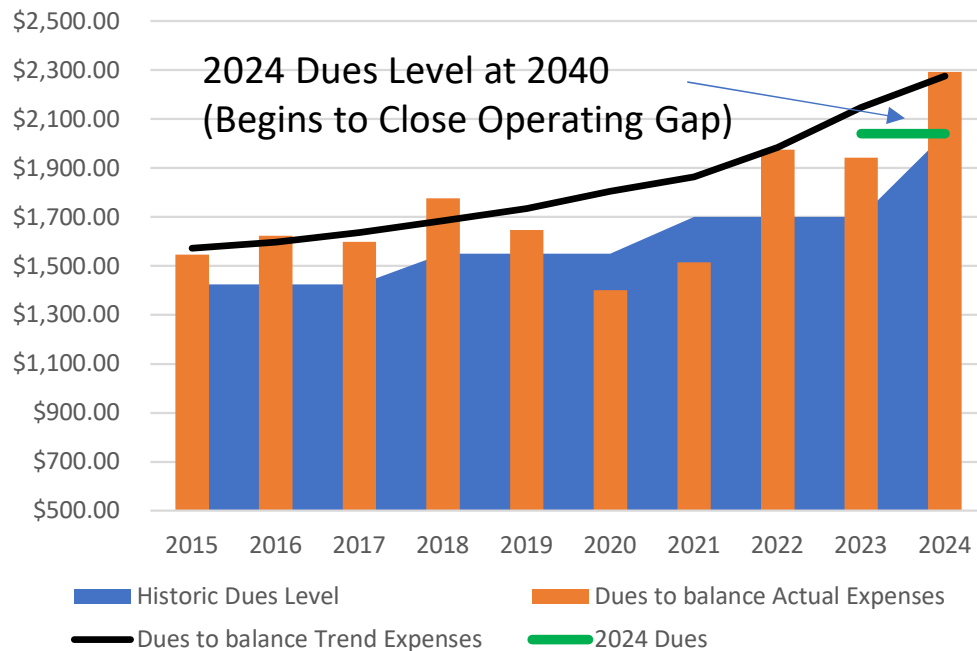


2024 Operations Budget Adjustment Summary

- Expense adjustments made to Nov 30 budget (as detailed in subsequent slides). Expenses reduced from \$412,444 to \$368,863
- Raised guest Fees to 150, Garbage \$200, Transfer fee to \$4500 (\$1500 Set aside for Curb stops not in expenses. Raised Golf Fees by \$5

Expenses	\$ 368,863.00	\$ 368,863.00	\$ 368,863.00	\$ 368,863.00
Dues Level	\$ 1,900.00	\$ 1,950.00	\$ 2,000.00	\$ 2,040.00
Dues Increase	12%	15%	18%	20%
Dues Revenue	\$ 264,100.00	\$ 271,050.00	\$ 278,000.00	\$ 283,560.00
Dues Charter	\$ 5,310.00	\$ 5,310.00	\$ 5,310.00	\$ 5,310.00
Dues Available for Operations	\$ 242,469.00	\$ 248,724.00	\$ 254,979.00	\$ 259,983.00
Clubhouse Contribution	\$ 66,170.00	\$ 66,170.00	\$ 66,170.00	\$ 66,170.00
Dumpster and Guest Fees and Garage Sale	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00
Funds Available for Operations	\$ 321,639.00	\$ 327,894.00	\$ 334,149.00	\$ 339,153.00
FAO vs Expenses	\$ (47,224.00)	\$ (40,969.00)	\$ (34,714.00)	\$ (29,710.00)
Dues Allocated to Capital	\$ 26,941.00	\$ 27,636.00	\$ 28,331.00	\$ 28,887.00
Transfer fees Excluding Curbstop fee	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00
Standby Fees	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Capital Allocation	\$ 37,441.00	\$ 38,136.00	\$ 38,831.00	\$ 39,387.00
Capital Required for Operations	\$ (47,224.00)	\$ (40,969.00)	\$ (34,714.00)	\$ (29,710.00)
Current Funds Remaining for Capital	\$ (9,783.00)	\$ (2,833.00)	\$ 4,117.00	\$ 9,677.00
Edward Jones Funds for Capital Budget of:				
0	\$ (9,783.00)	\$ (2,833.00)	\$ 4,117.00	\$ 9,677.00
5000	\$ (14,783.00)	\$ (7,833.00)	\$ (883.00)	\$ 4,677.00
10000	\$ (19,783.00)	\$ (12,833.00)	\$ (5,883.00)	\$ (323.00)
20000	\$ (29,783.00)	\$ (22,833.00)	\$ (15,883.00)	\$ (10,323.00)
30000	\$ (39,783.00)	\$ (32,833.00)	\$ (25,883.00)	\$ (20,323.00)

Summary – Dues Lagging Expenses

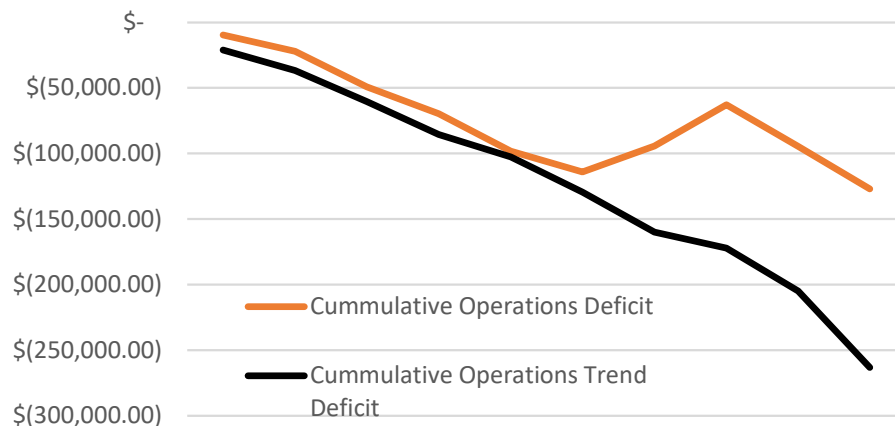


Last 10 Years

- Dues levels (blue) have been below that required to balance operations (orange) in all years except 20/21
- Required Dues Levels have largely tracked Inflation** (black line)
- Dues level required to balance 2024 plan (2300) are in line with inflation trend
- 2024 Dues set to 2040 (green) take a step in closing the gap
- Holding dues below inflation** has required a draw against capital allocation in all years except 20/21

Inflation**

- 2015 baseline for wages and non-wage expenses
- constant hours (5200) and wage rate inflated at FRED wage index
- Non-labor expenses inflated at CPI



Summary

Dues Lagging Operating cost for most of the last decade

Gap has been filled by constraining Capital investment and drawing down Reserves

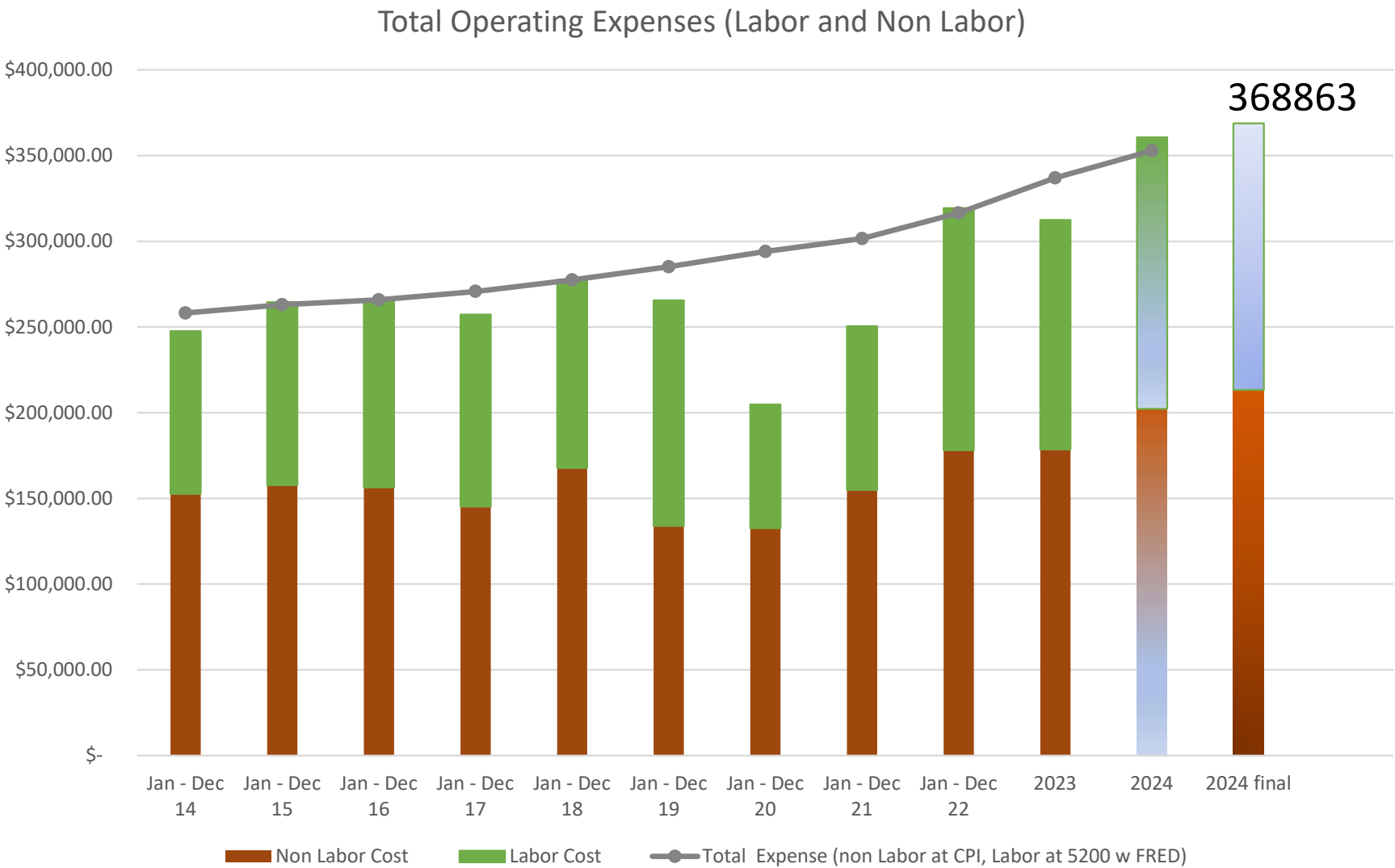
Constrained operations in 2020/2021 provided temporary margin

Cash Flow from 2014 through 2023	
Homeowners Dues	\$ 2,171,993.35
Guest Fees	\$ 65,317.86
Garbage Fees	\$ 13,075.00
Clubhouse	\$ 427,703.81
Golf	\$ 281,052.28
Other	\$ 16,136.64
10% to Capital	\$ (217,199.34)
Funds Available for Operations	\$ 2,758,079.61
Transfer	\$ 180,258.34
Joining	\$ 10,000.00
Standby	\$ 13,425.00
Dues allocated to Capital	\$ 217,199.34
Funds allocated for Capital	\$ 420,882.68
Total Revenue	\$ 3,178,962.28
Total Operating Expenses	\$ 3,150,619.07
less depreciation	\$ (233,311.00)
less missallocated 2019 tank work	\$ (41,995.00)
Plus 2023 ETC	\$ 13,000.00
Total Funds required for Operations	\$ 2,888,313.07
Capital Funds Drawn for Operations	\$ (130,233.47)
Remaining Funds for Capital	\$ 290,649.21
Current Assets 12/31/2013	\$ 264,463.00
Earnings	\$ 17,710.91
Current Assets 12/30/2023 - ETC	\$ 208,107.00
Funds Drawns from Reserves	\$ 74,066.91
Funds Spent on Non Operationg	\$ 364,716.12

Last 10 Years

- **Total Revenue = 3.178M**
 - Targeted to Operations = 2.758M
 - Targeted to Capital = 420K
- **Operating Expenses = 2.888M**
 - Required Draw from Capital of 130K to balance Operating Budget
- **Non – Operating Investments**
 - 420k allocated
 - 364k Performed
 - 290k funded from allocation
 - 74k drawn from Reserves
- **Cash Accounts from 264k to 208k**
- **Avoided Additional Draws**
 - 110k required if 2020 and 2021 at Trend
 - 27k required in 2023 if we were able to execute fall road plan and ran at average hours

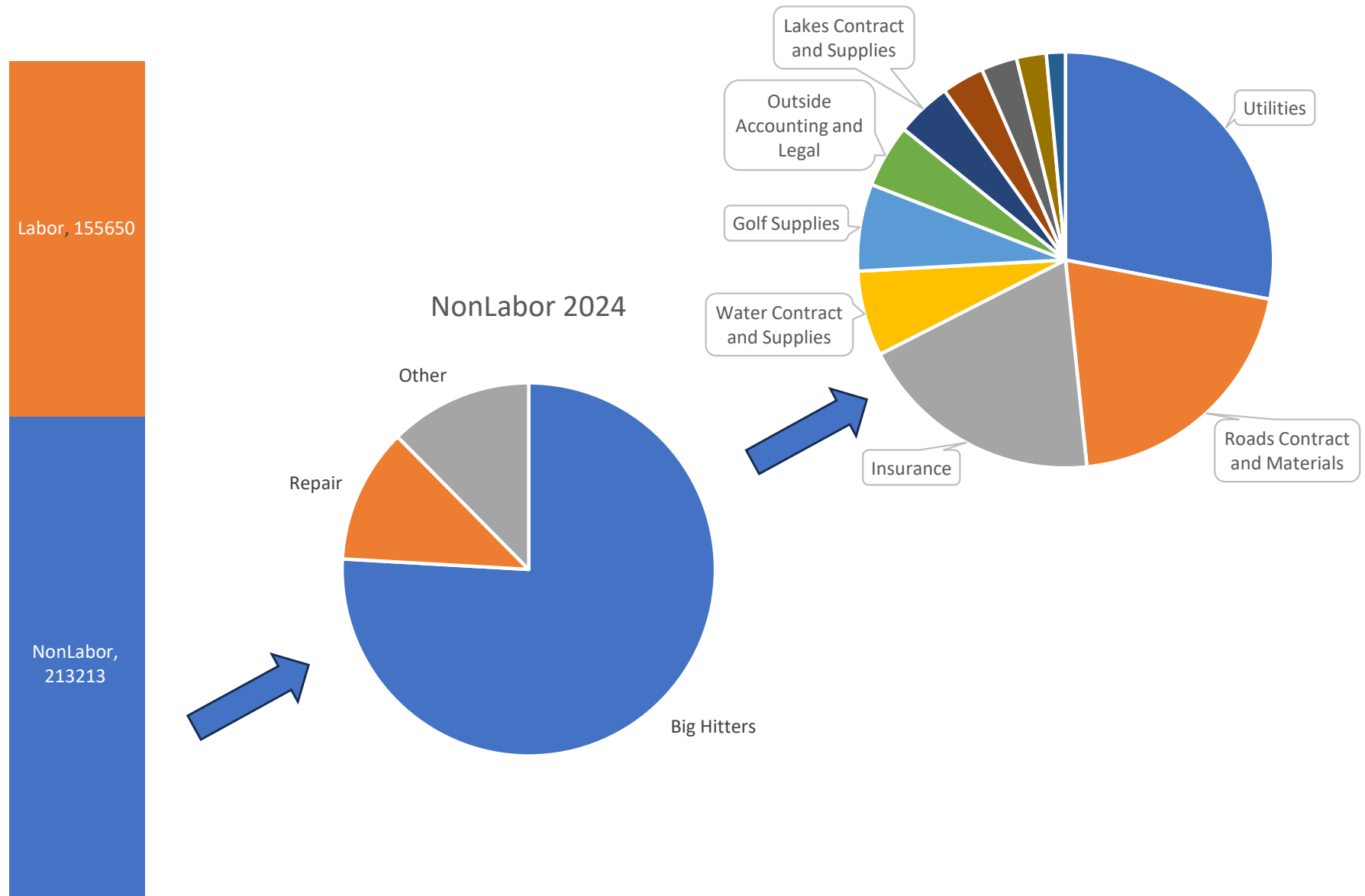
Summary- Total Net Operating Expenses*



*Total Net Operating Expenses ; Variable costs of goods are excluded here and included as an expense in clubhouse contribution

Summary – Non-Labor Budget Drivers

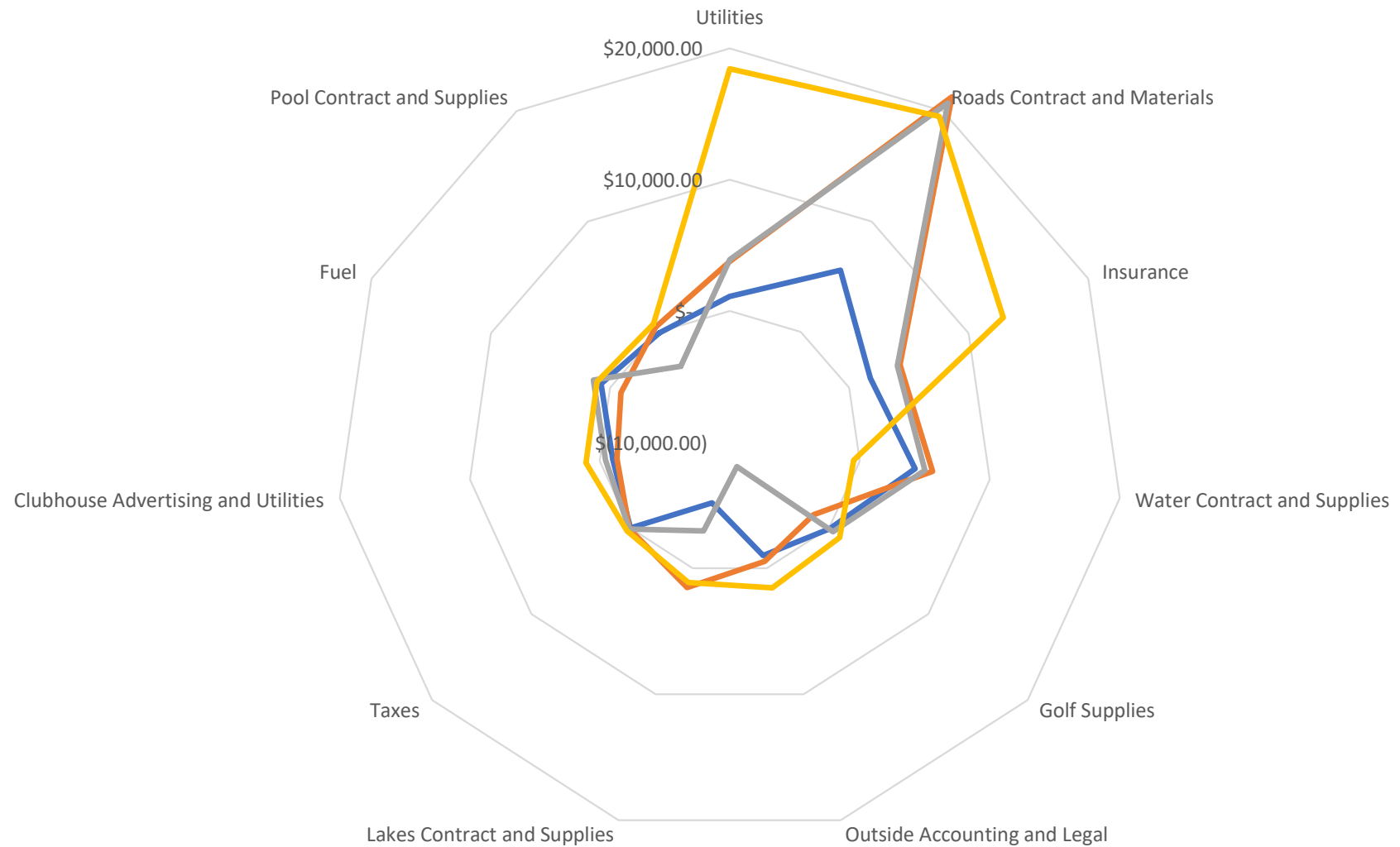
2024 Budget Drivers



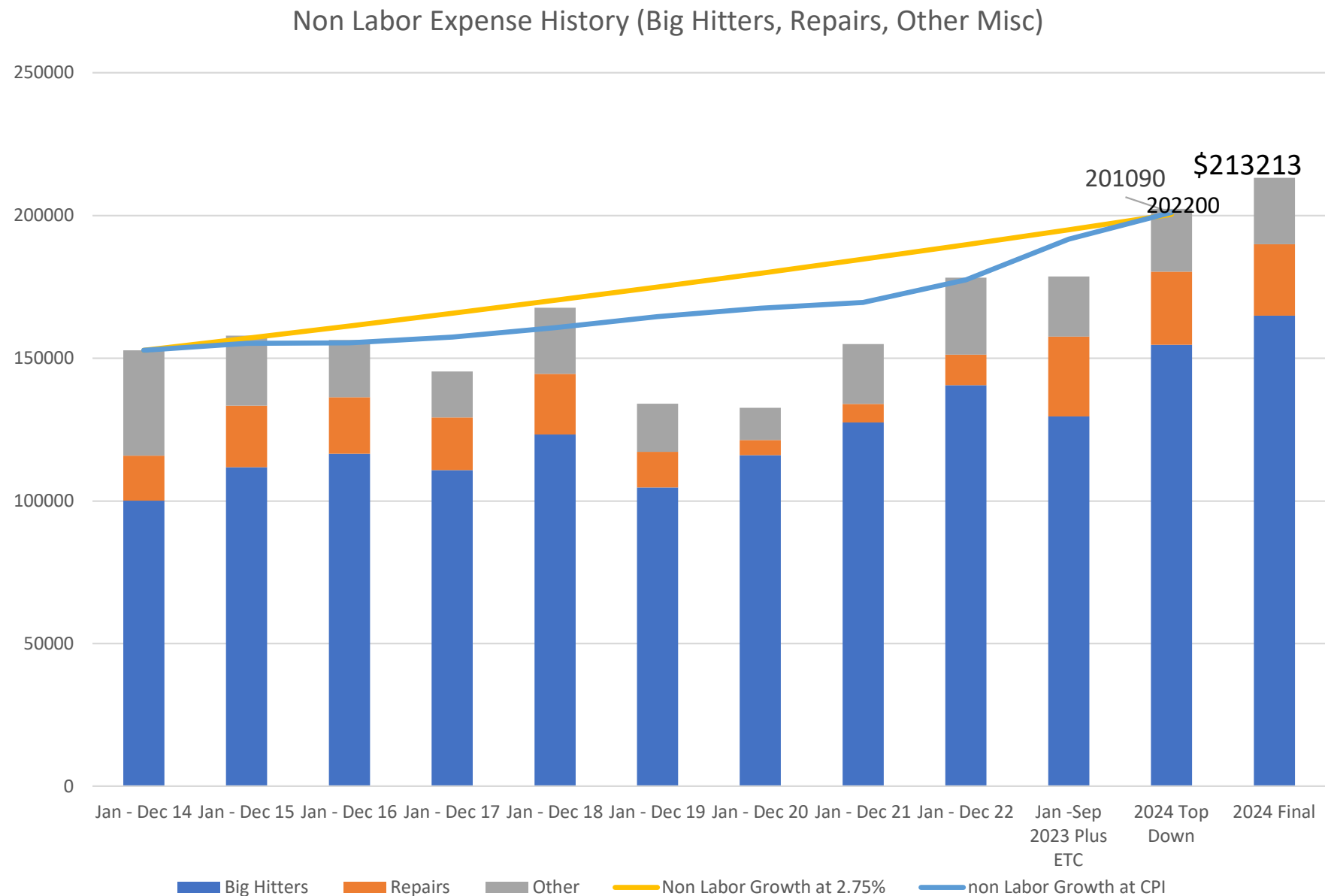
Summary – Areas Increasing above Trend

Areas Driving Increase in Non-Labor Costs

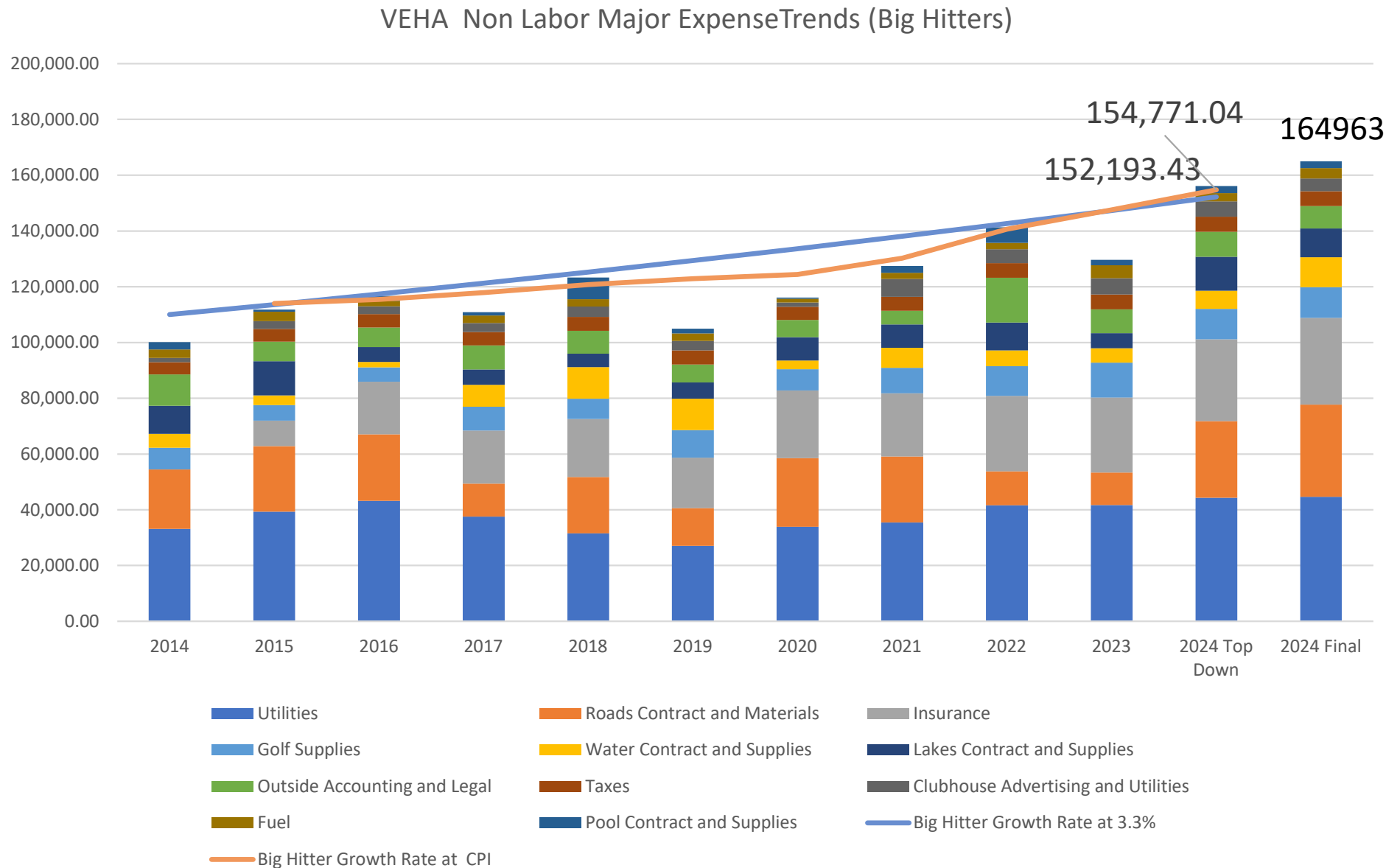
Largest Change to Big Hiitters Relative to Recent Trends and Prior Years



Summary- Non-Labor Expenses

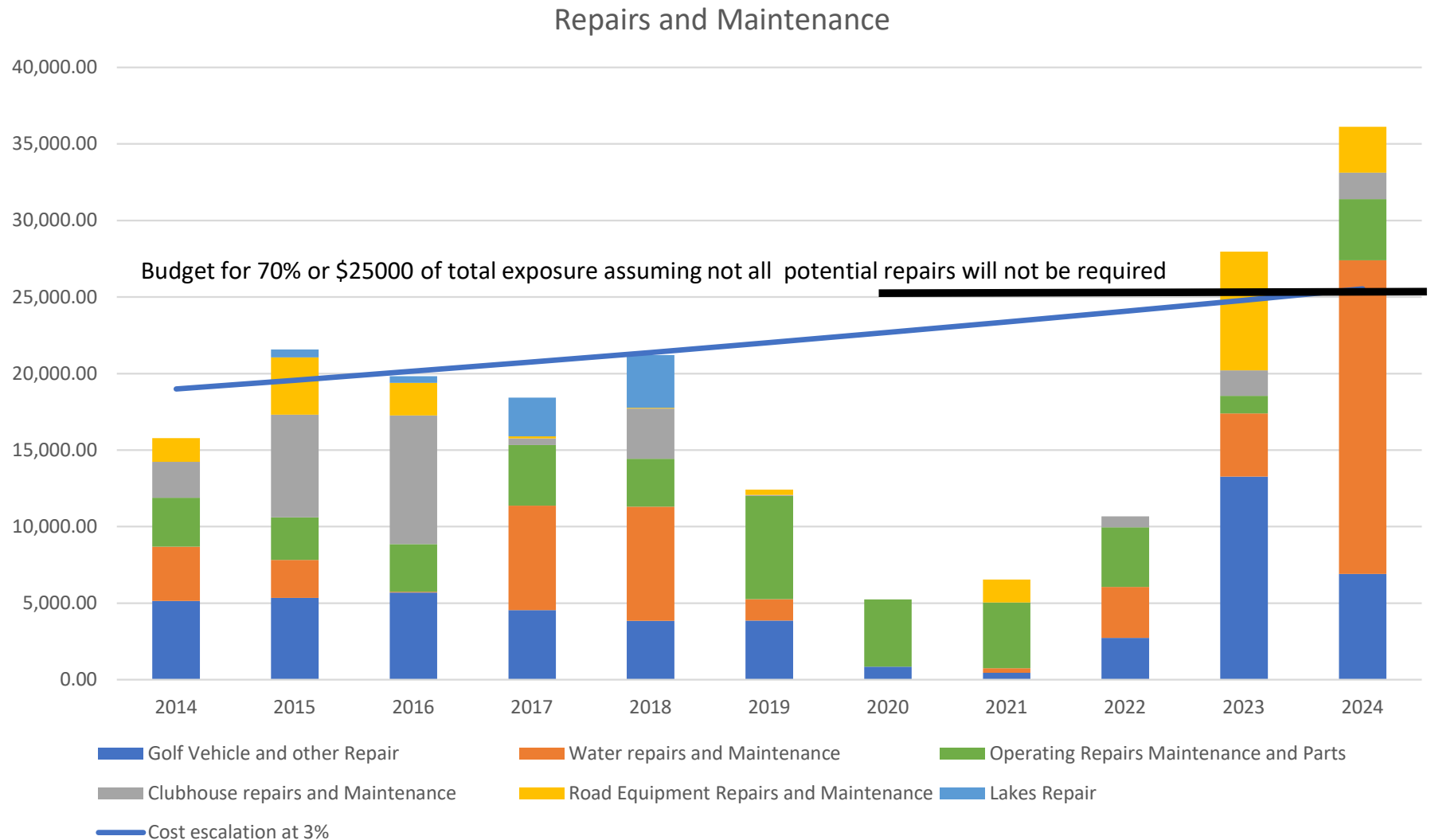


Summary- Major Non-Labor Expense Trends



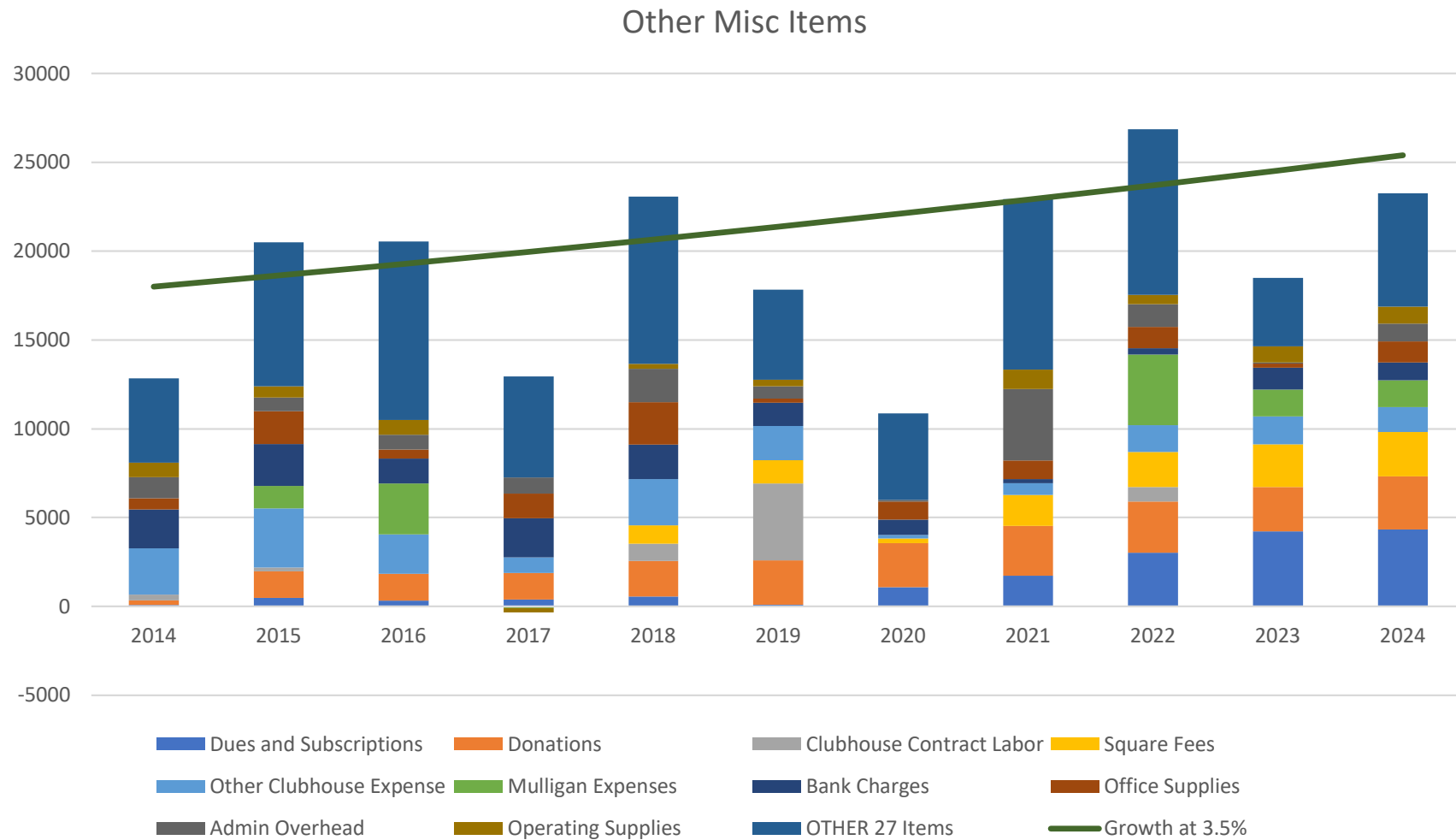
Summary – Repairs and Maintenance

2024 - \$25000



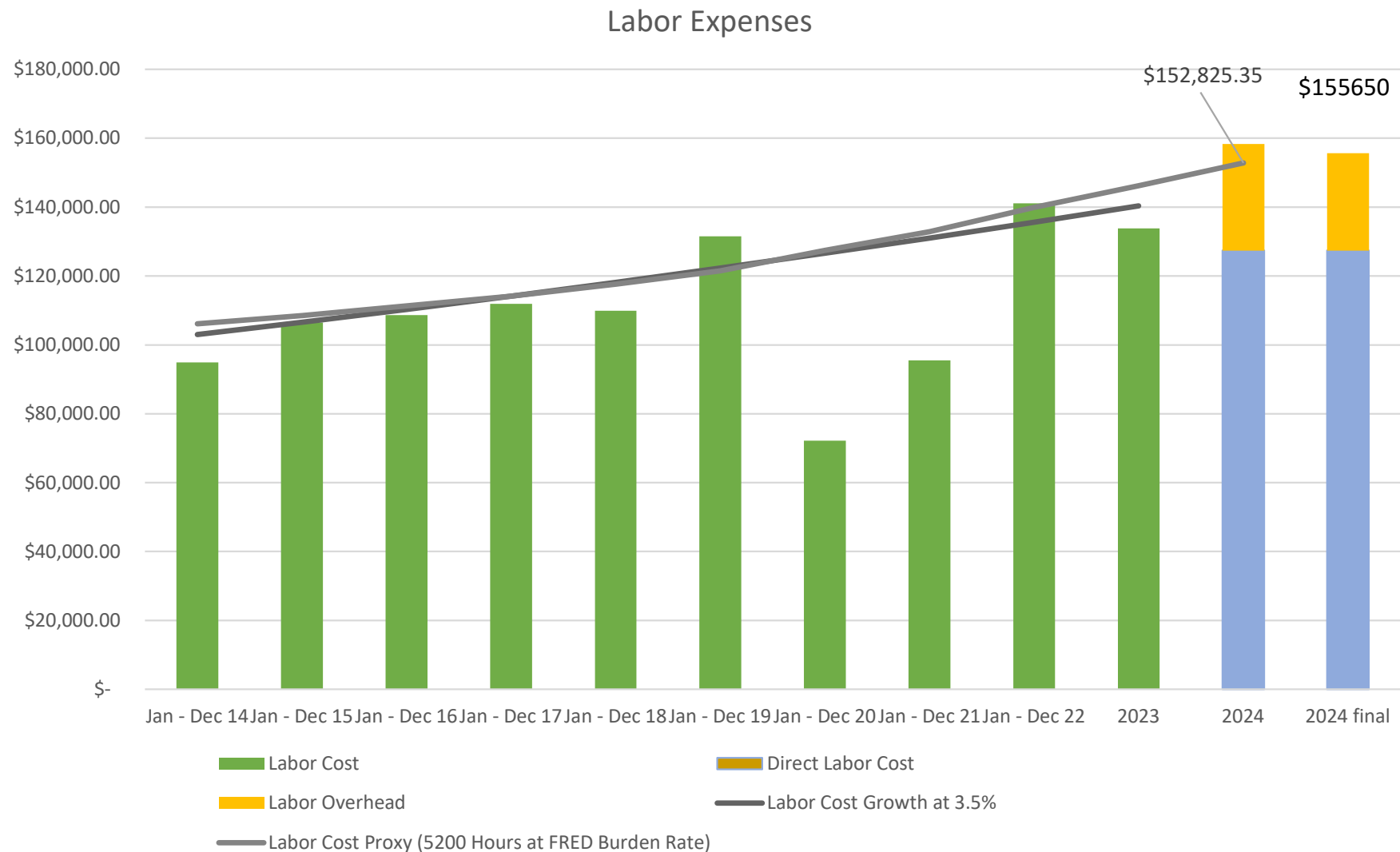
Summary- Other Misc. Non-Labor

2024 - \$23250



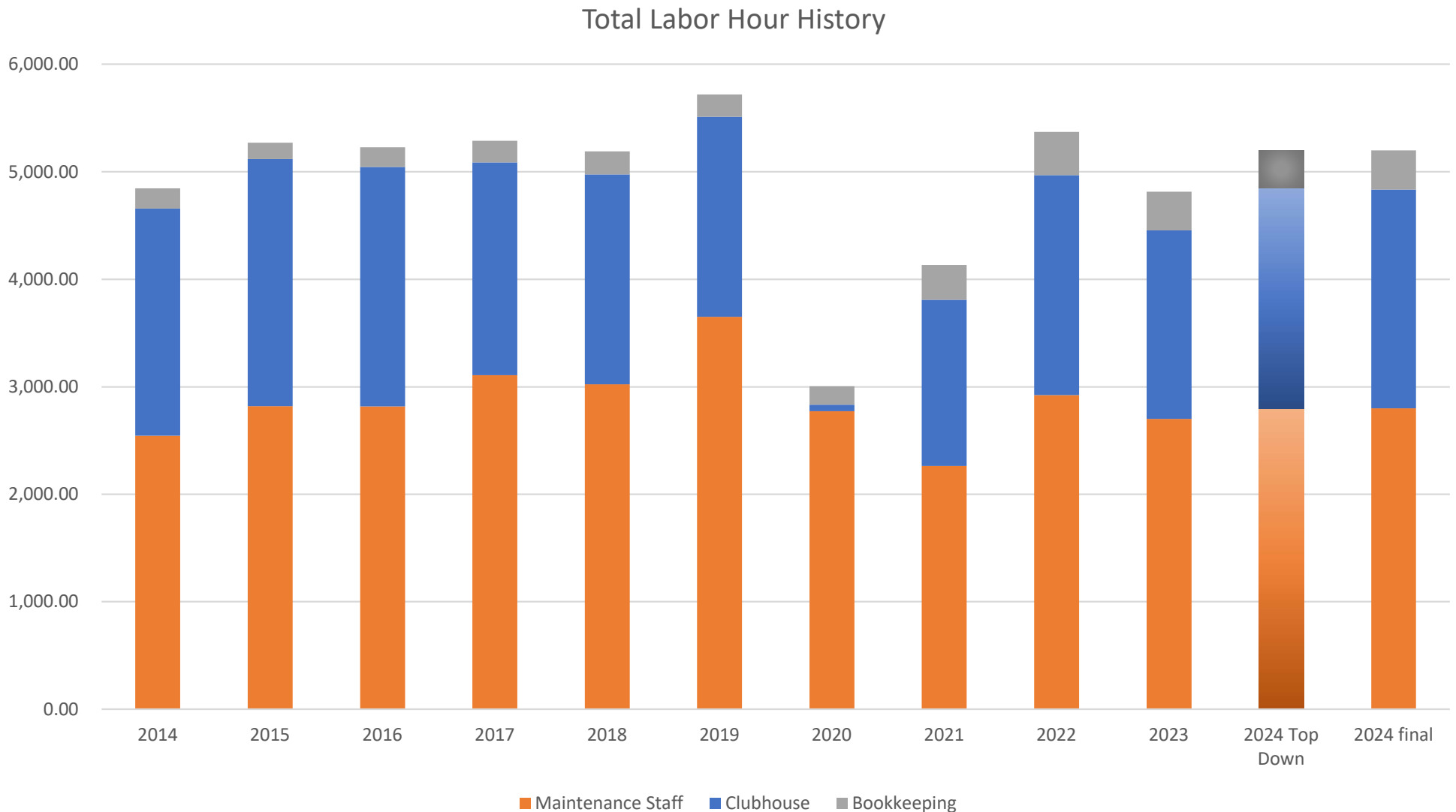
Summary – Total Labor Expenses

2024 Labor projection \$155250 – 5200 hours at 29.93 all in burden rate



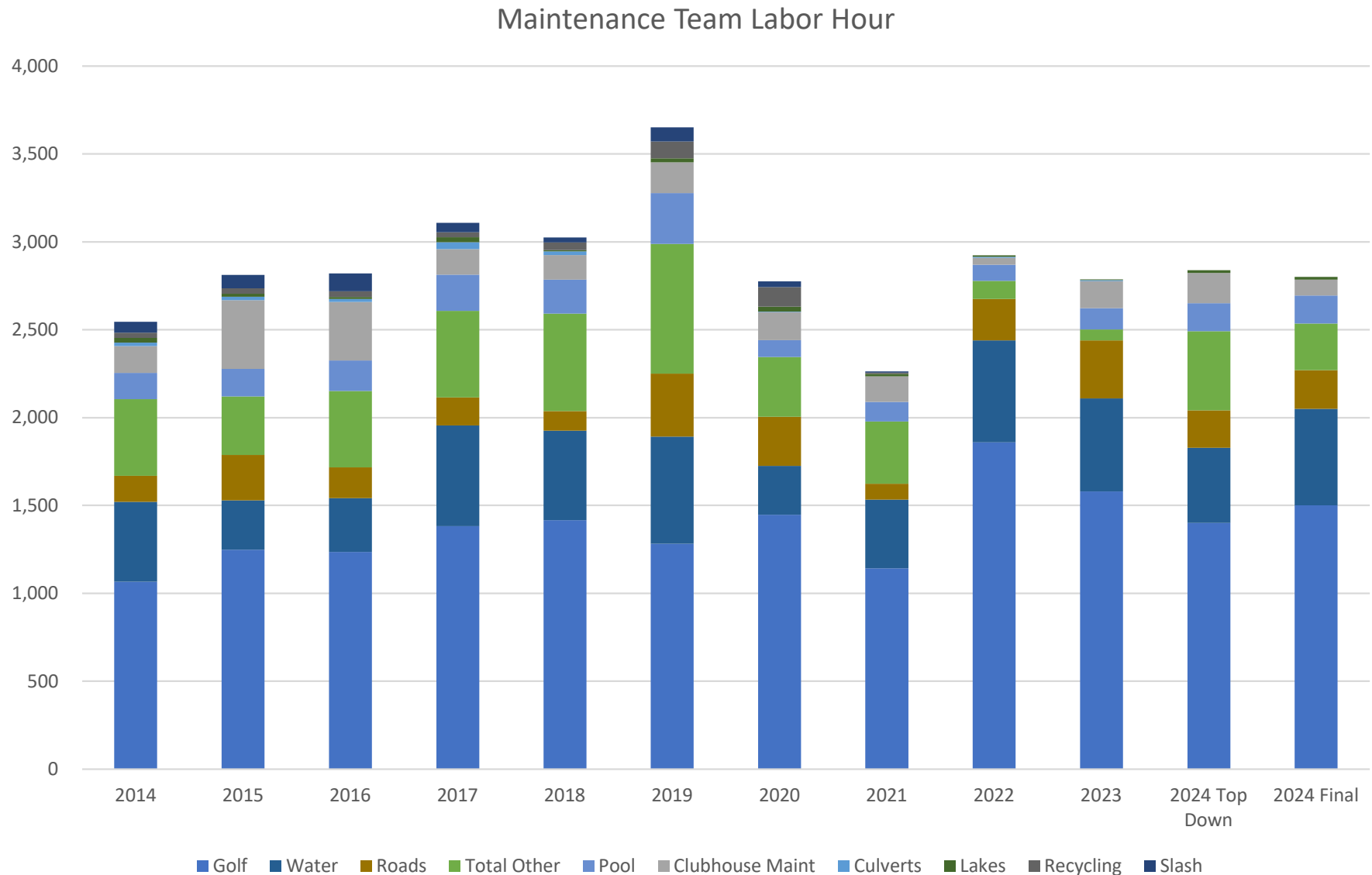
Summary – Total Labor Hours

Planning 5200 hours in 2024 – In line with long-term trend



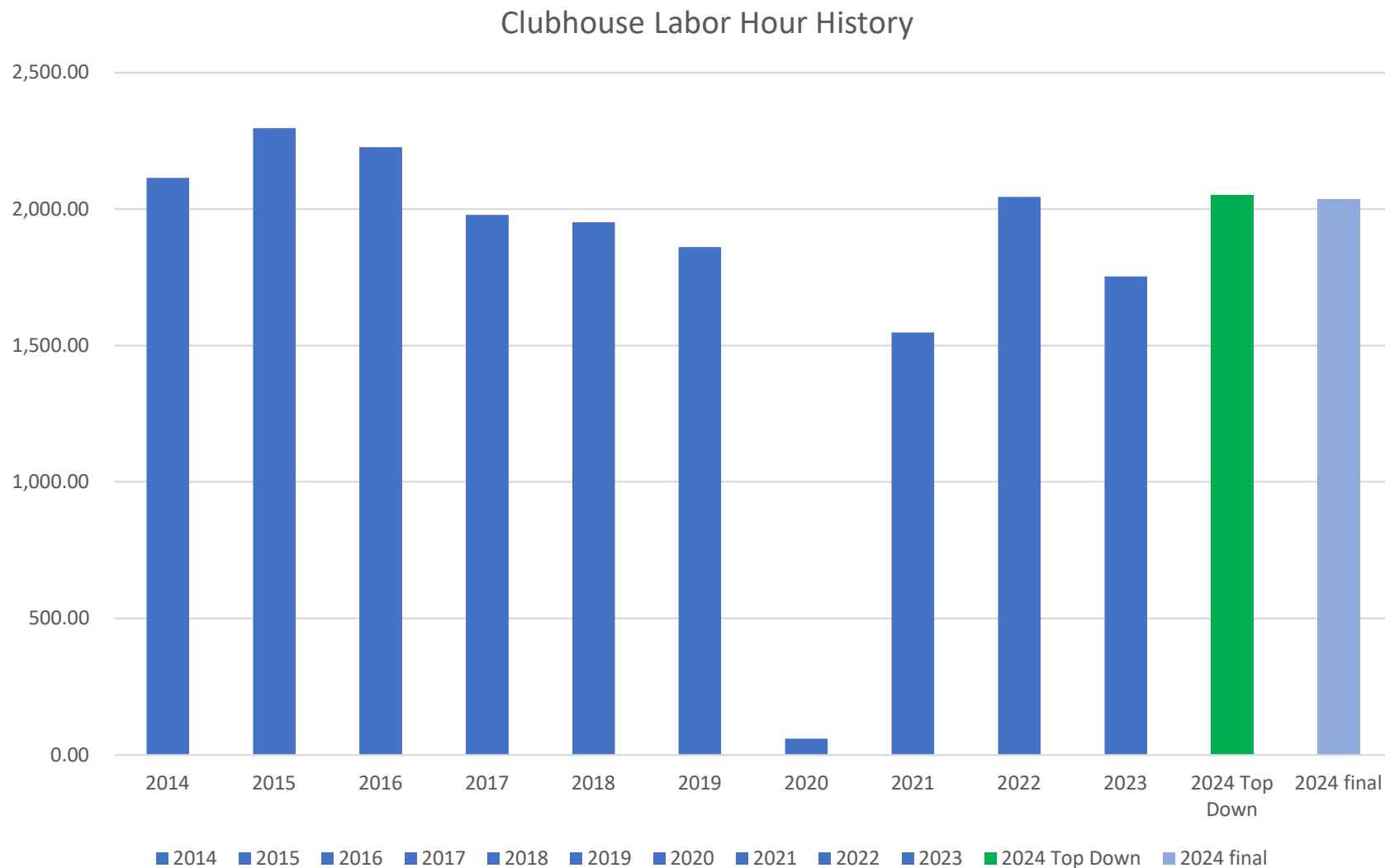
Summary - Maintenance Labor Hours

2024 Plan 2800 hours – In line with long-term trend. Maintenance team to manage priorities with 2800-hour budget



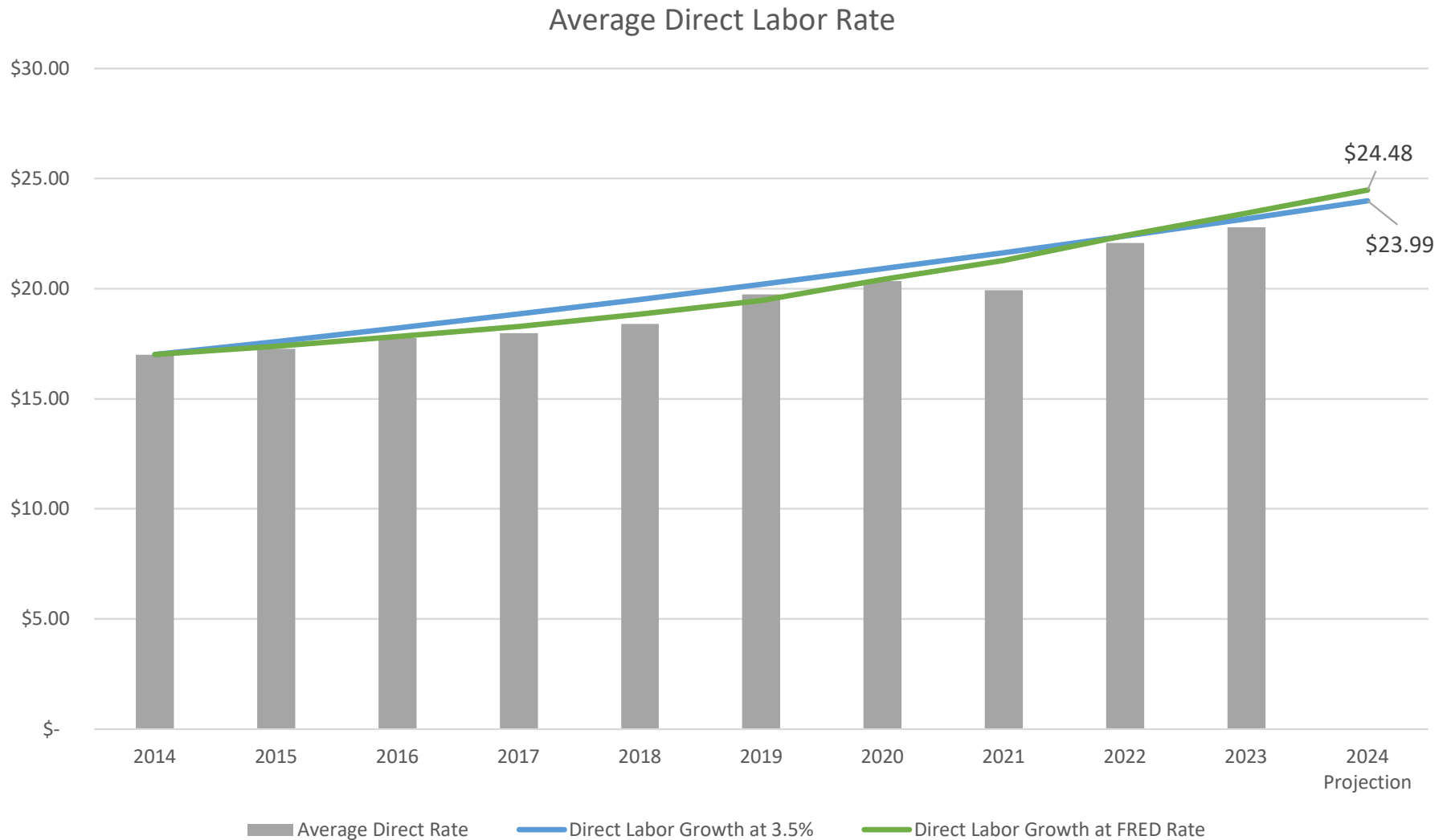
Summary - Clubhouse Labor Hours

Anticipate 2035 Hours – in line with longer term trends



Average Direct Hourly Rates

Current Wage inflation – estimate \$24.50 average in 2024



Compensation Overhead

New Sick Pay Accrual adds to 2024 Burden Rate – \$29.93/hr. estimate

		<u>Burden Rate 2024</u>
Direct Hourly Rate		24.50
Medicare Company	1.40%	
Social Security Company	6.20%	
NM Unemployment	6.40%	
Federal Unemployment	0.40%	
NM WC	0.06%	
Payroll taxes	14.46%	3.55
Payroll taxes \$	18,450	
Sick Pay (NEW REQUIREMENT)	1.10%	0.29
1 hour for every 30 hours accrued	\$ 1,401	
assume 1/3 used	\$1,500	
Other Burdens		1.60
Cafeteria Lunch and Bunuses (3300+2200)	\$ 5,500	
Workmans Comp Ins	\$ 2,800	
	8300	
% at 5200(24.50/hr)	6.5%	1.6
Total Burdens	22.07%	29.93



General Revenue

Dues

139 members at established dues rate + 5 charter members at total of \$5310

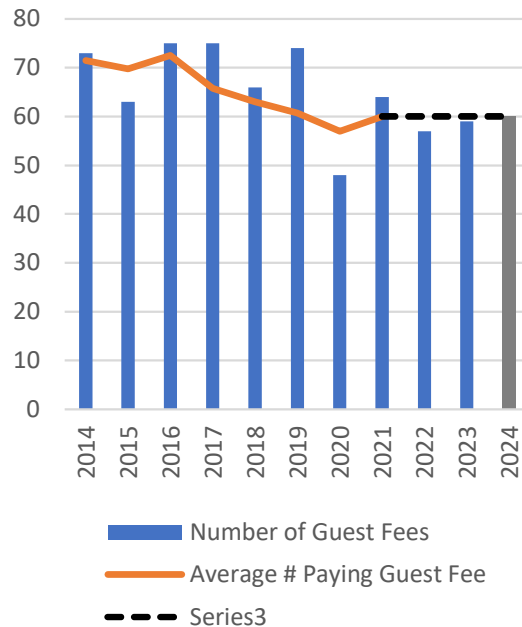
Transfer Fees

With real estate getting softer only assuming 3 @ 4500 = \$9000 towards Capital, 4500 to curb stop

Guest Fees (up \$50 over 2023)

60@150=\$9000

Number of Homeowners
paying Guest Fees



Dumpster Fees – Raise fee to 200

10@200=\$2000

Espinoza, David	150.00
Garcia, Ted & Joy	150.00
Hanks, Beverly	150.00
James T. Cook	150.00
Kimbrell, Don or Carolyn	150.00
Moore, Dennis	150.00
Red Cloud Ranch	150.00
Salazar, John	150.00
Tutor, Phyllis (Dave Molineux)	150.00
Wasserman, David	150.00
Watson, Charles	150.00

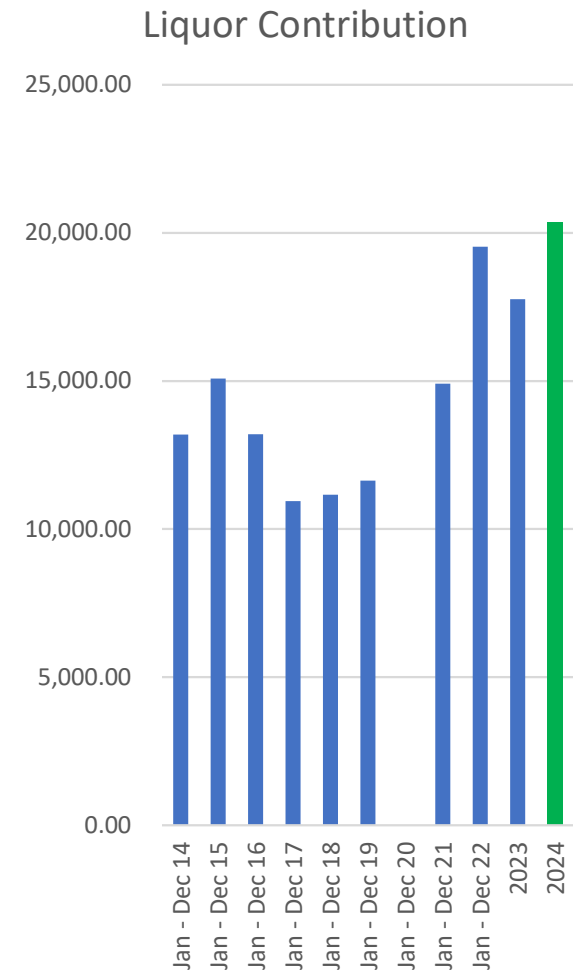
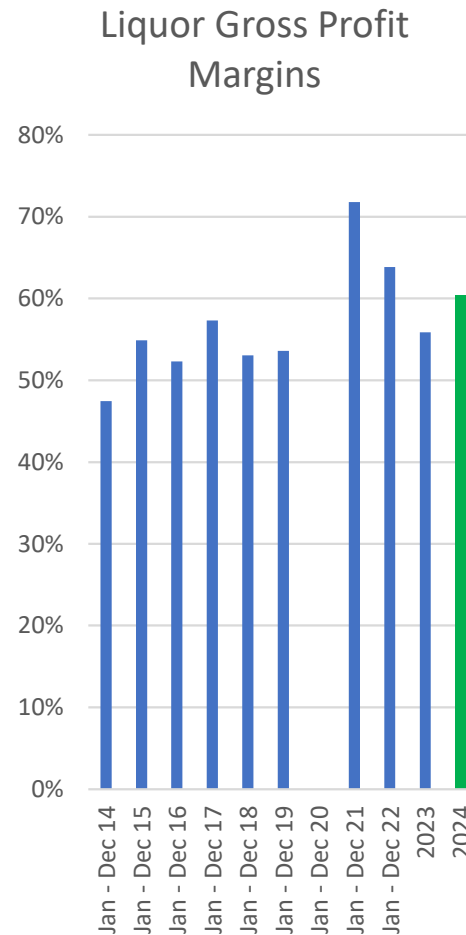
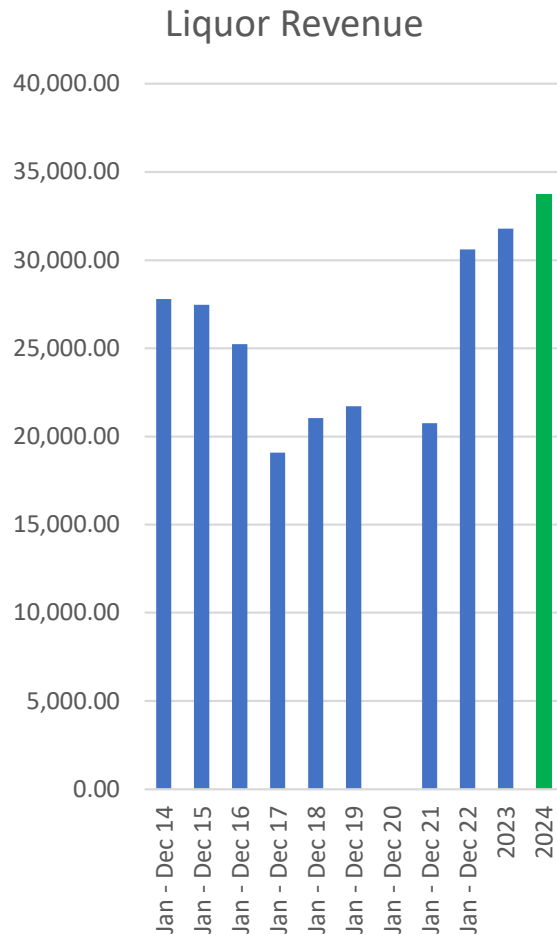
Standby Fees

\$1500

Belai, Seyon	75.00
Belai, Seyon	75.00
Mylet, Mary	75.00
Wall, Harold	75.00
Spare, Stephen	150.00
Ortiz, Ted	150.00
Lang, John	150.00
Carney, Eric Robert	75.00
Tafoya, Erica	150.00
Santistevan, Michael	75.00
Gonzales, Erlinda	75.00
Kohlmeier, Keith	300.00
Graves, Michael	75.00

Clubhouse Contribution - Liquor

Increased Liquor Revenue to \$33,700, Profit Margin to 60%
Contribution Target to \$20,200
Covering all liquor cost, mixers and incidentals

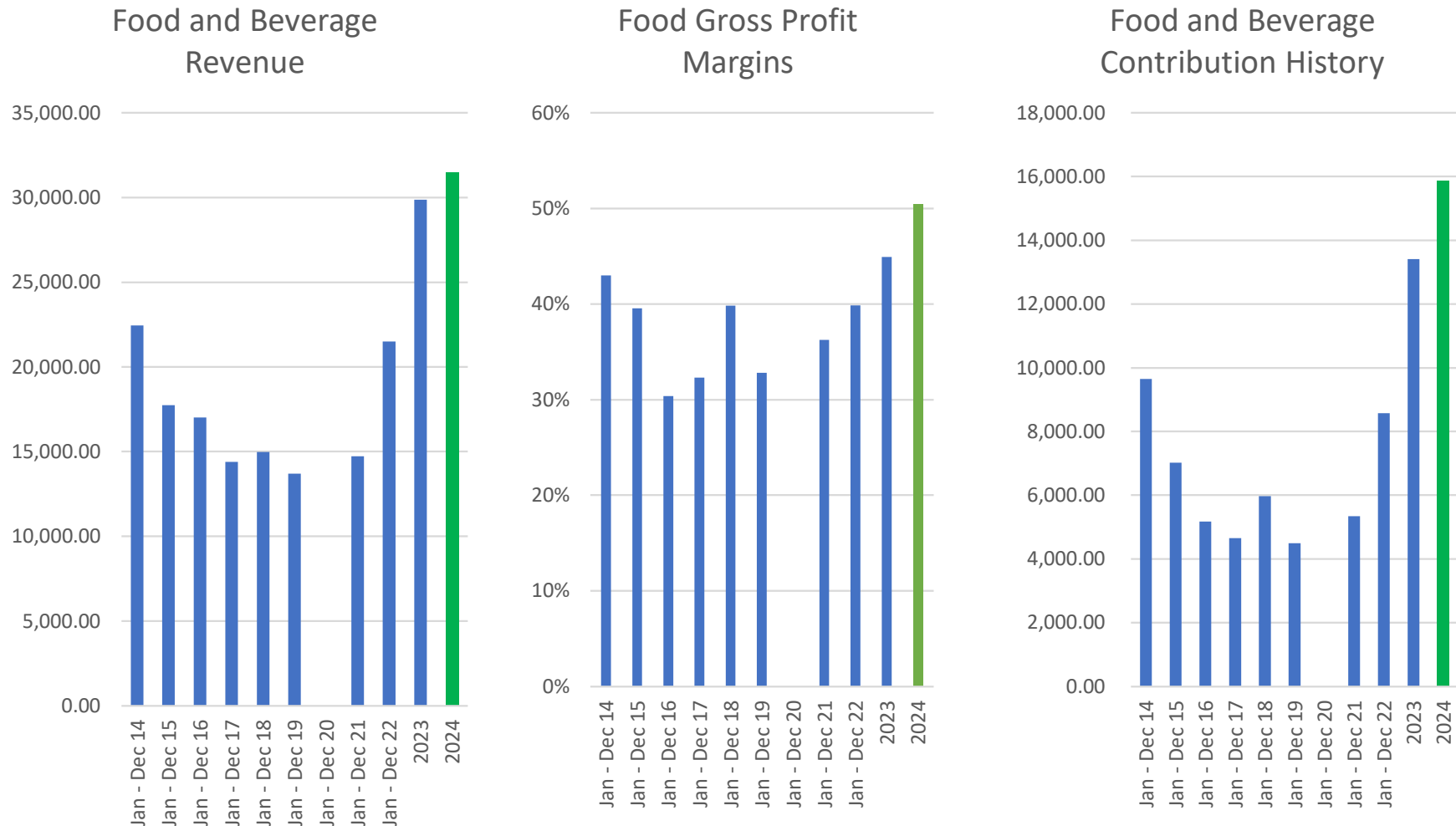


Clubhouse Contribution – Food & Bev

Increased Revenue to \$31500, Profit Margin to 50%

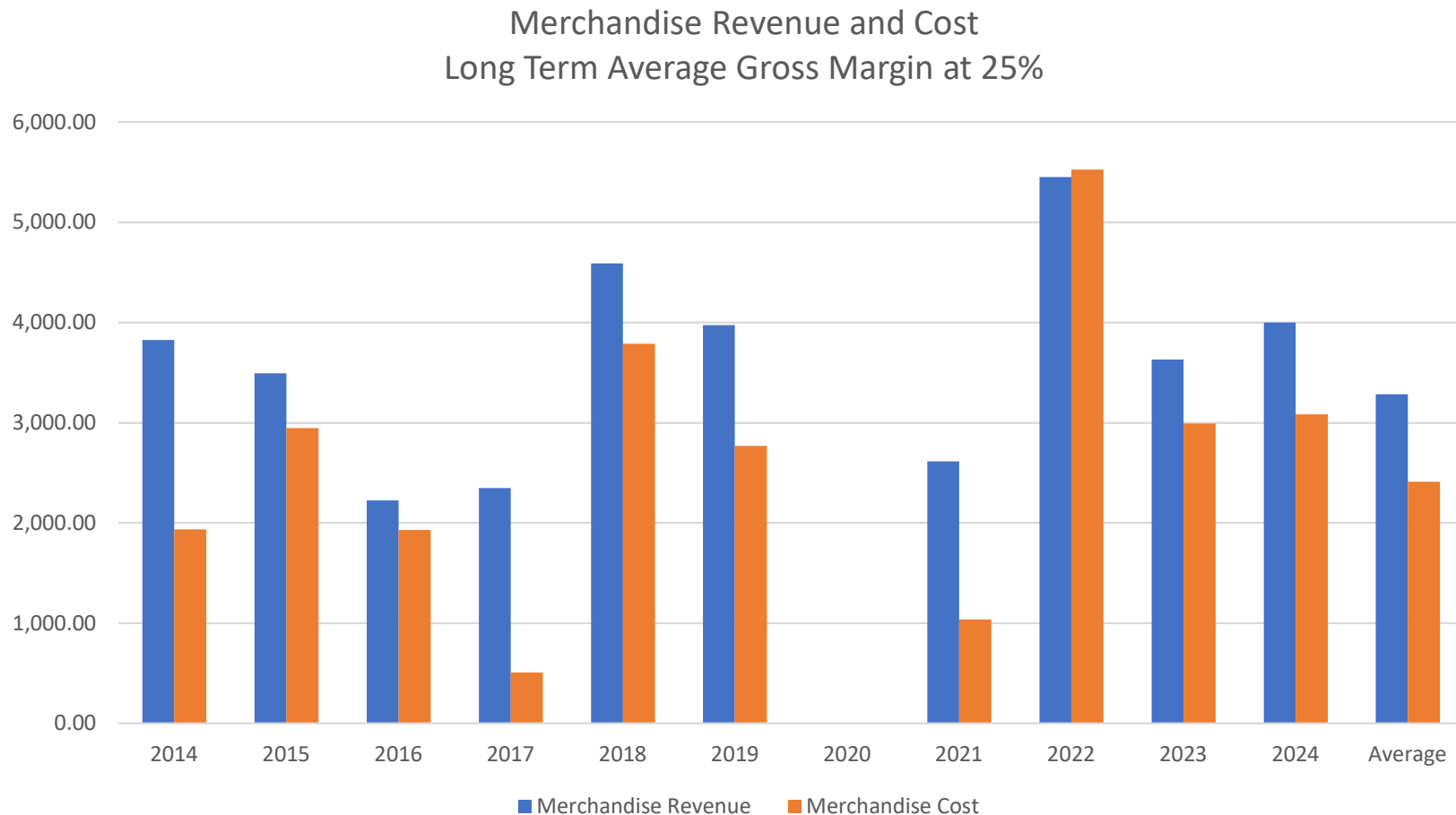
Contribution Target to \$15750

Covering all Food and Bev cost, condiments, paper goods and incidentals



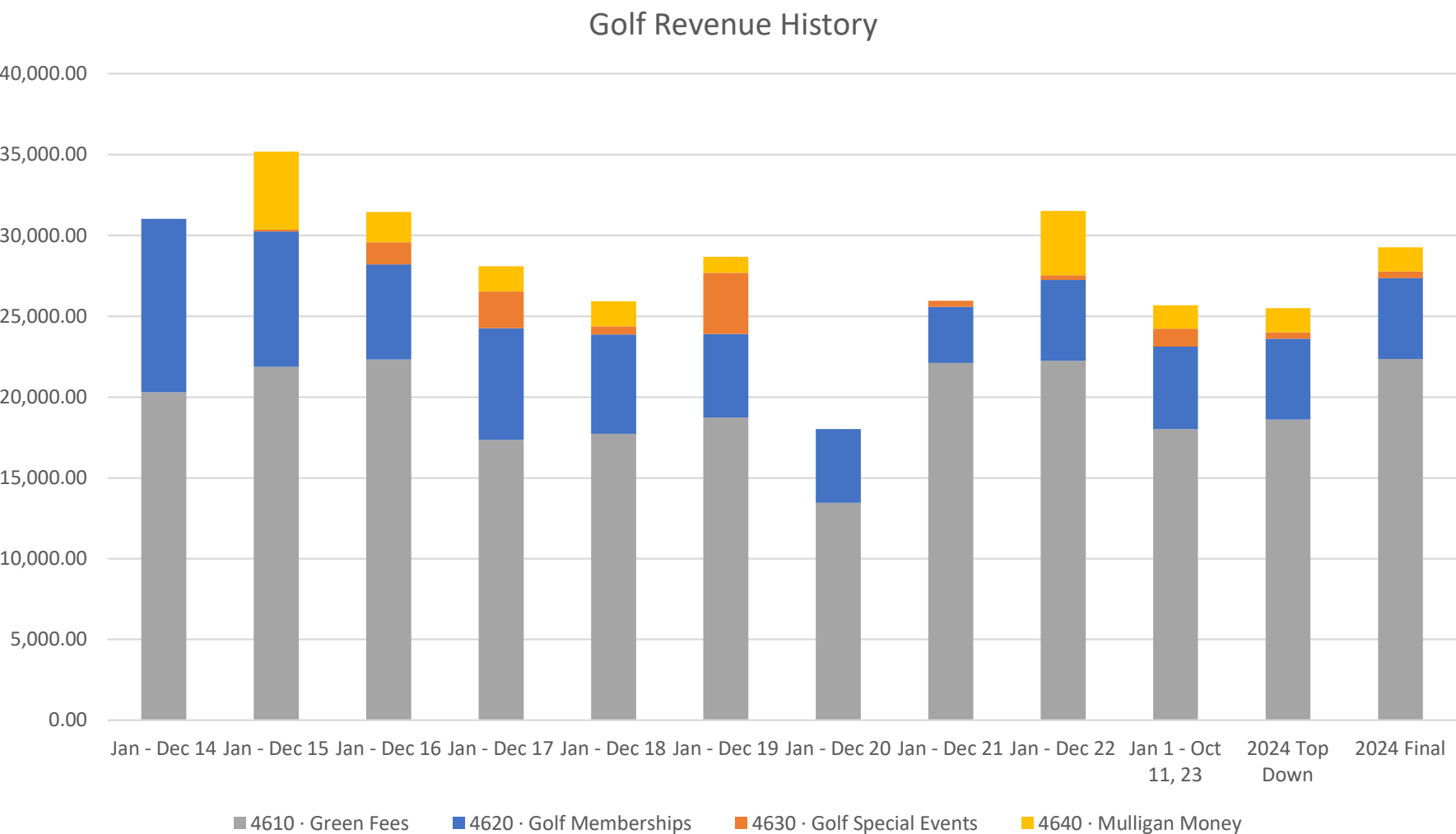
Clubhouse Contribution – Merchandise

Long Term Average Gross Margin Drive Contribution target of \$1000 for 2024



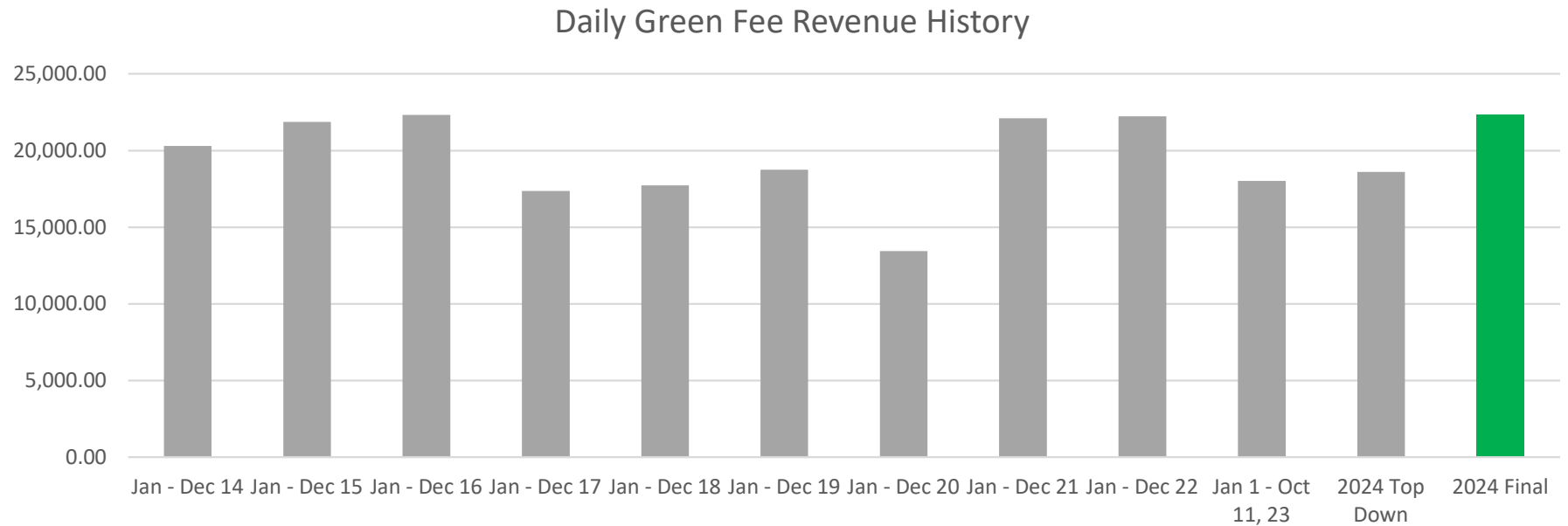
Golf Contribution

Estimate \$29200 contribution in 2024



Daily Green Fee Revenue

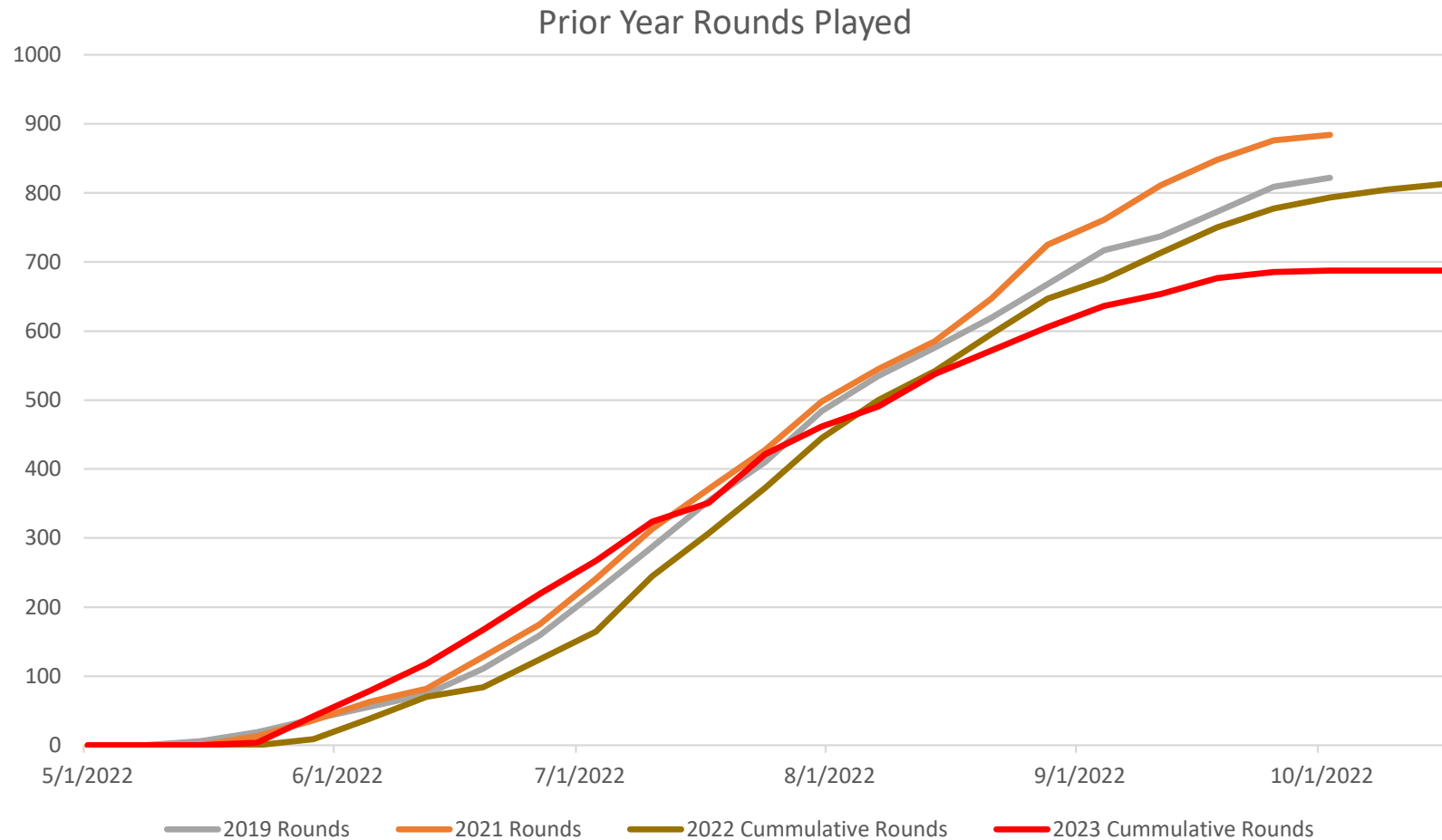
Estimating 2024 to increase over 2023 to 22300



Rev	\$16284	\$18749	\$13514	\$21239	21936	18198	22365
# Rounds	707	822	639	884	812	688	700
Rev/Rnd	23.03	22.80	21.14	24.02	26.98	26.45	31.95

Rounds played compared historically

2023 started at good pace but dropped off below trend mid-summer

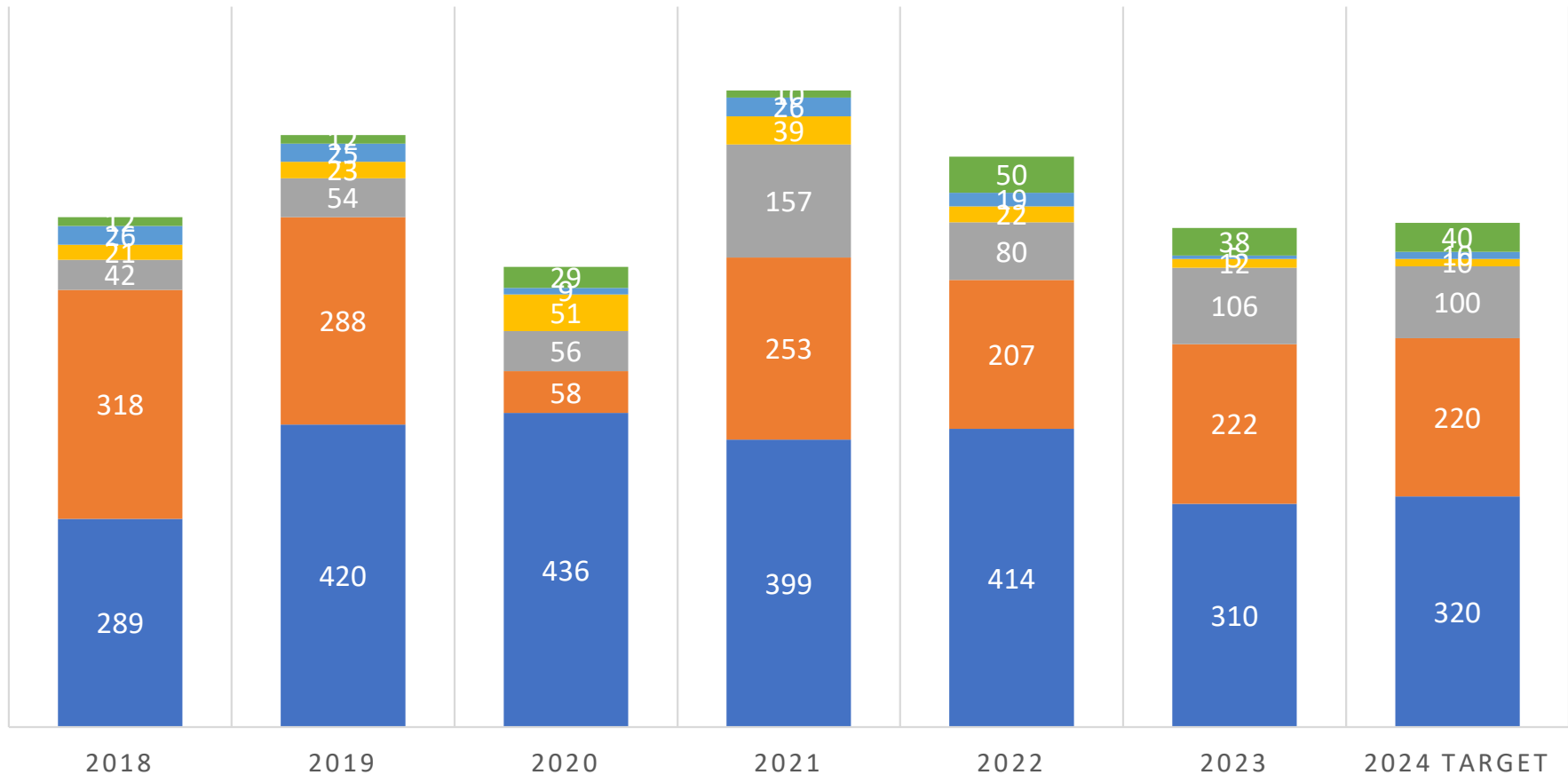


Green Fee Product Mix

Notable Drop in adult vs senior rounds might present opportunity

DAILY GREEN FEES PURCHASED- BY PRODUCT TYPE

Adults 9 Senior 9 Twilight Adult 18 Senior 18 Kids



Proposed Golf Pricing for 2024

Planning on nominal \$5 increase in pricing in 2024

2023 Golf Rates

9 Holes \$28.00
18 Holes \$35.00
Add 9 Holes \$9.00
Twilight Deal \$20.00
Seniors: 62 and up
9 Holes - \$23.00
18 Holes - \$30.00
Add 9 Holes - \$9.00

Annual Memberships:

Single:\$395.00
Married: \$595.00
Children: \$50.00 add ea

Monthly Memberships:

Single: \$220.00
Married: \$325.00

Rental Cart \$6.00
Rental Clubs \$16.00

2024 Golf Rates

Daily Rates:

9 Holes \$33.00
18 Holes \$40.00
Add 9 Holes \$9.00
Twilight Deal \$25.00
Seniors: 62 and up
9 Holes - \$28.00
18 Holes - \$35.00
Add 9 Holes - \$9.00

Annual Memberships:

Single:\$425
Married: \$625
Children: \$50.00 add ea

Monthly Memberships:

Single: \$220.00
Married: \$325.00

Rental Cart \$7.00
Rental Clubs \$17.00

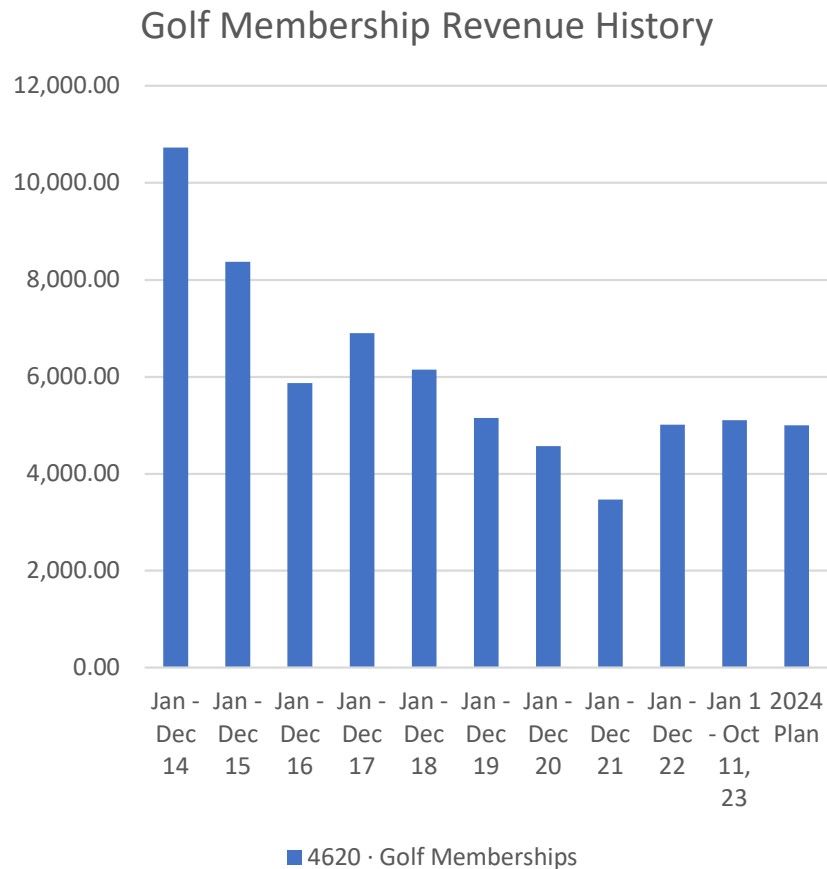
Target Revenue for Green Fees

Product mix and average increase of \$5 in pricing drive estimated green fees for 2024 to \$22155 – potential risk of # rounds decrease due to price increase

Daily Rates:	Qty	Price	Revenue
9 Holes \$28.00	310	33	10230
18 Holes \$35	10	40	400
Add 9 Holes \$9.00	10	42	420
Twilight Deal \$20.00	100	25	2500
Seniors: 62 and up			
9 Holes - \$23.00	210	28	5880
18 Holes \$30	10	35	350
Add 9 Holes - \$9.00	10	37	370
Kids 10-15 - \$10.00	40	10	400
Total Rounds/Revenue	700		20550
Rental Carts \$6.00			
30% of Rounds	235	7	1645
Rental Clubs \$16	10	17	170
Total Green Fees - Line 4610			22365
Average Revenue per Round			31.95

Golf Memberships

Estimating 2024 to be like recent years - 5000



Tournament

Entry Fees and Mulligan Money

Entry Fees

Will be largely converted to gift cards that are then spent and recognized as clubhouse revenue. Will plan on retaining \$400 in Golf revenue

Mulligan Money

Estimating 30 players per tournament x 5 tournaments. \$1500

Pool Expenses – Non-Labor

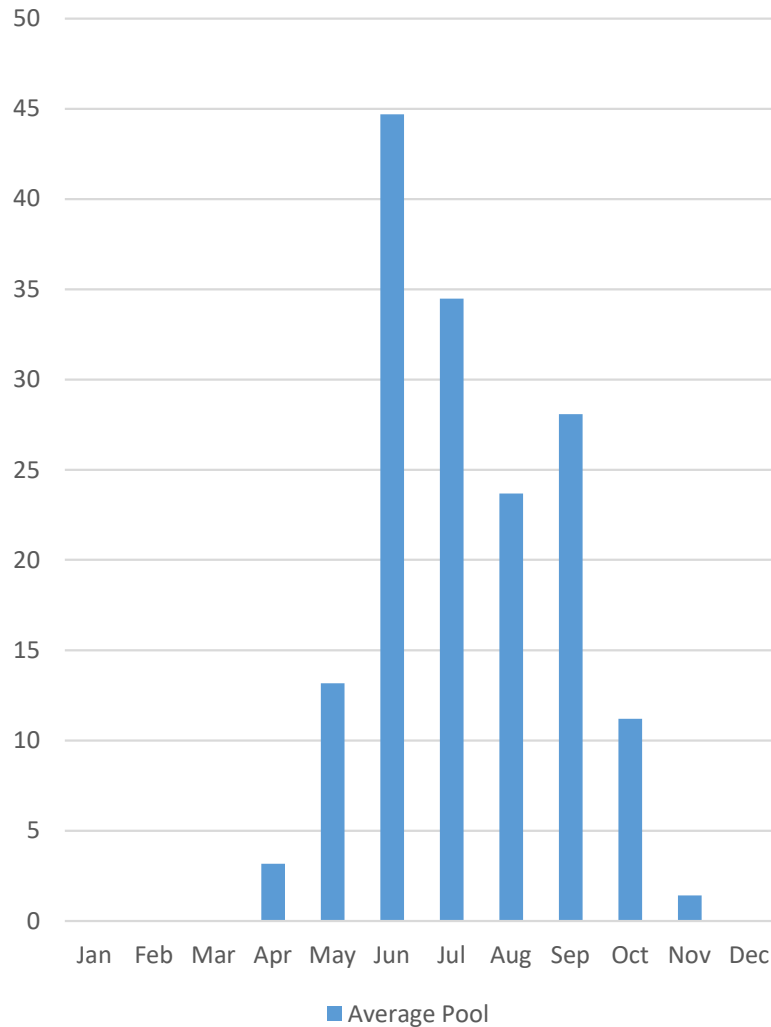
2024 Non-Labor = 2500

- Contract Labor = \$1000 (Phoenix Mech.) \$500 x 2 visits
- Supplies = Chemicals \$1300, RV anti freeze = \$100
- Environmental Dept. Inspection = \$100

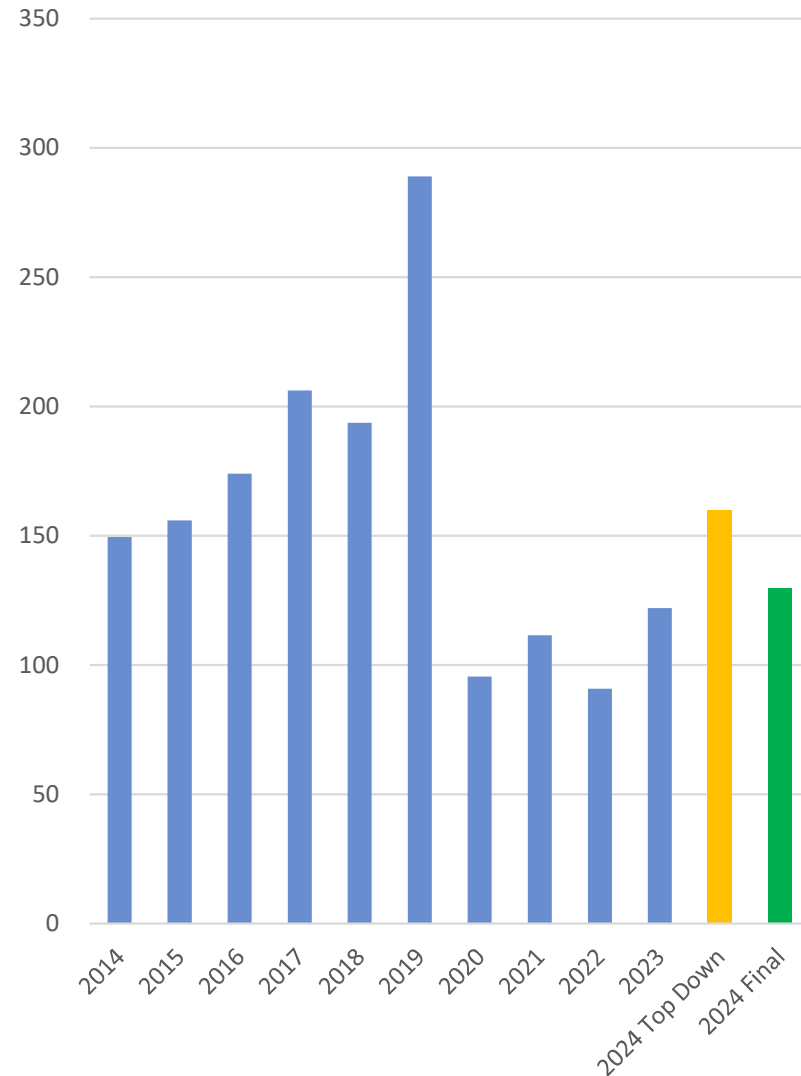
Pool Expenses – Labor

2024 Labor = \$3400

Pool Labor Monthly Average



Pool Labor Hour



Firewise Expenses

Supplies - \$100

Print/Copy/Postage - \$50

Non-Capital Equipment

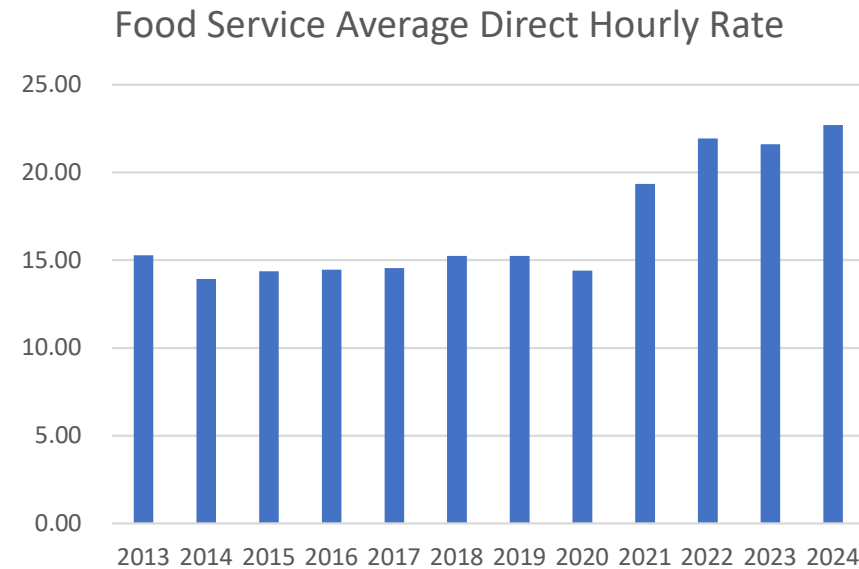
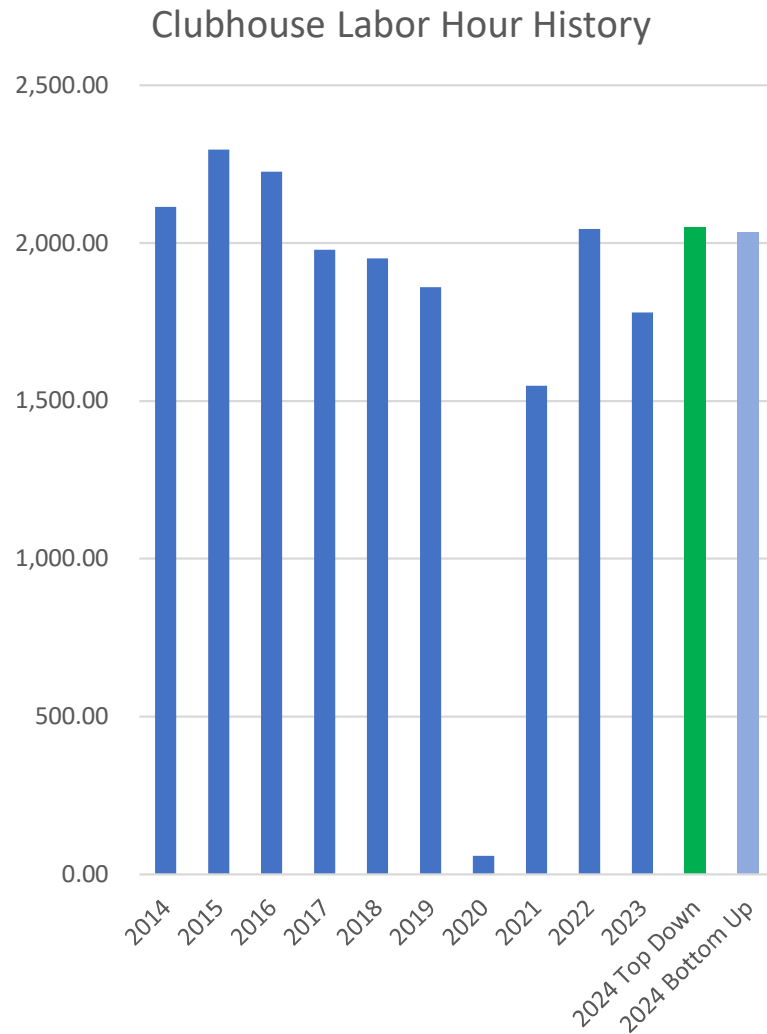
 Bungie chords - \$50

 Signs - \$200

Food (\$20 per person x 5 persons x 2 events) - \$200

Clubhouse Expenses – Labor

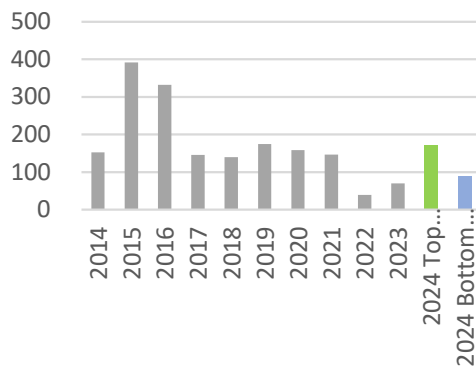
2035 hours planned, up from 2023 but in line with long-term average and opening hours: \$46,200



Bottom Up Clubhouse Hours Estimate for Context		Hours
Weeks of Coverage		20
Hours per day (8-6)		10
Days per week		7
BASE HOURS		1400
Lunch Hour overlap per day (3 hours per open day) =21/week		21
LUNCH COVERAGE		420
Happy Hour extra Coverage 2 people 6 to 9 = 6 hrs/wk		6
Potluck = 2 people 3 Hours every other week...So ave 3 /week		3
HAPPY HOUR AND POTLUCKS		180
5 big days Like 4th and tourney days extra 12 person hours x 5		60
TOTAL BOTTOM UP HOURS CALCULATION		2060

Other Clubhouse Expenses

Clubhouse
Maintenance Team
Labor Hours \$2300



Contract Labor - ~~\$2800.0~~
~~Contract cleaner @\$125/week for~~
~~20 weeks from May 15 to Oct 6 plus~~
~~\$300 initial clean ask staff to do~~

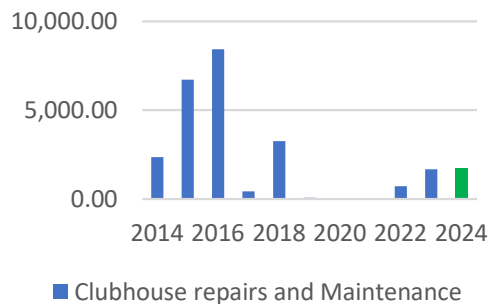
Training - \$550
 Food handling etc

Utilities- \$2100
 Internet@\$90/mo. for 12 months
 DIRECTV @ 200/mo. For 5 months

Over/Short - \$0
 System Rounding, drawer balance
 variation, etc

Advertising- \$2410
 KTAO @1155, Taos News @1255

Repair and
Maintenance non-labor
expenses \$1725

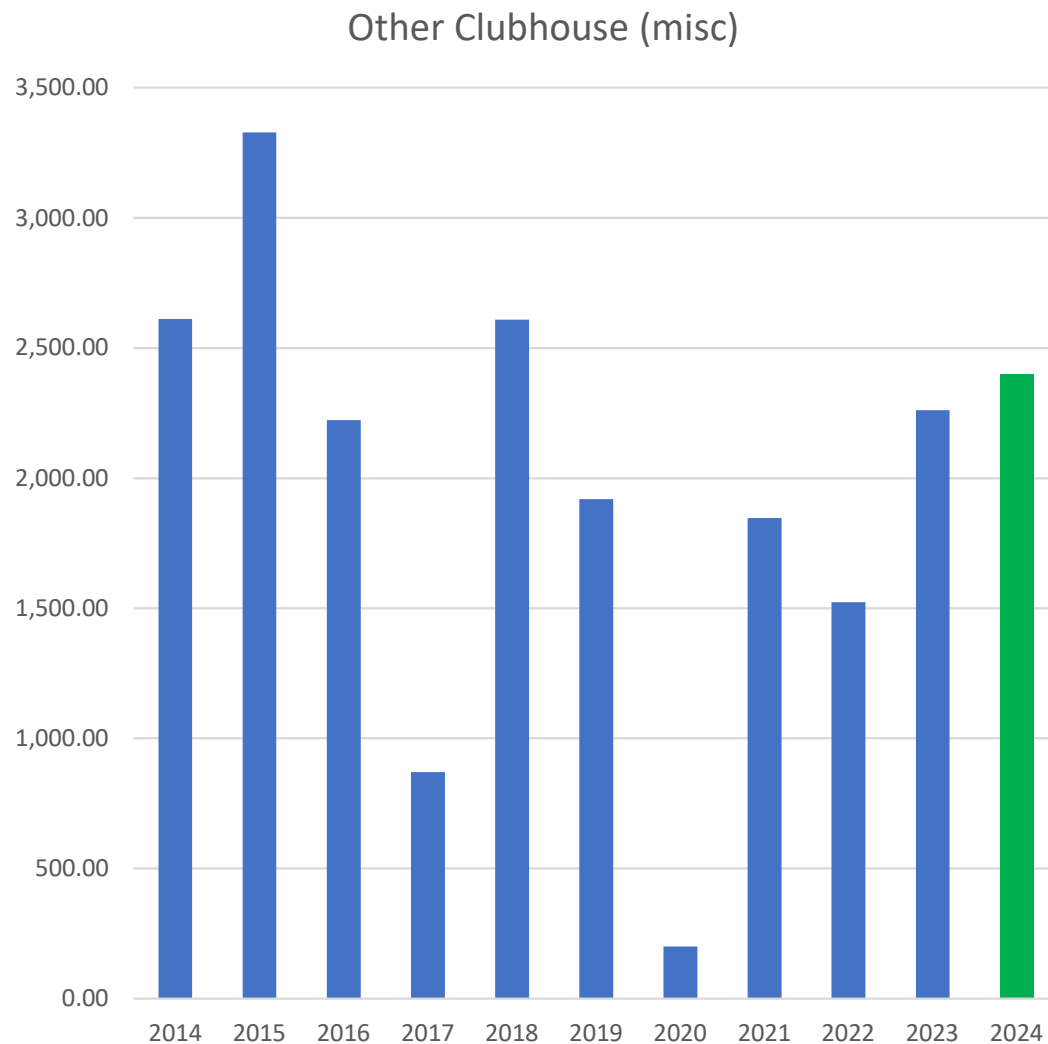


Special Events- \$560
 Bands, etc

Operating Supplies- \$950

Other Clubhouse Expenses

Other - ~~\$2400~~ \$1400

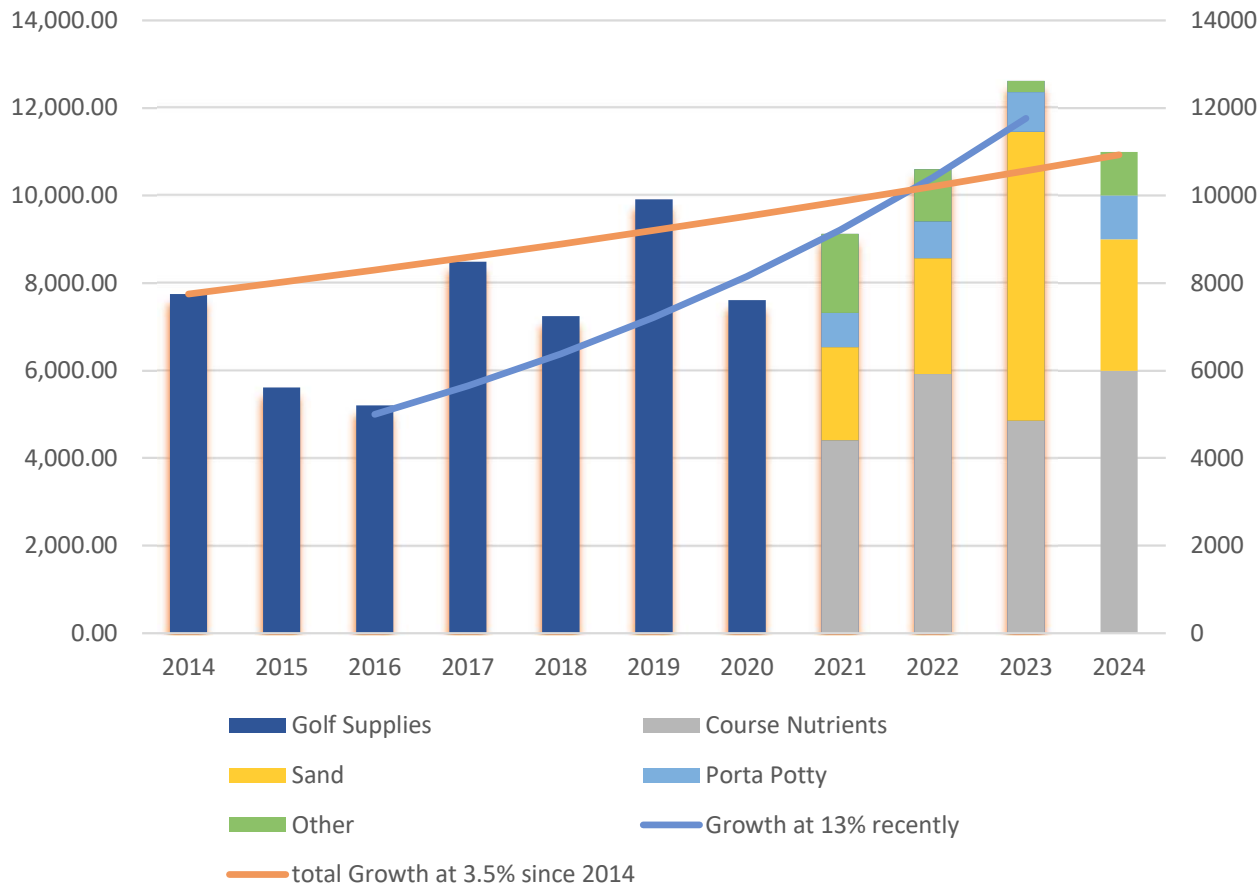


- A review of historical transactions show a variety of purchases under this category. Things like:
 - clothes racks
 - Paper towel holders
 - POS equipment
 - Lock replacements
 - Some band charges
 - Small renovations (?)..tile etc
 - Score cards
 - Ping pong
 - Popcorn
 - Tablecloths, utensils
 - Small equipment purchases
 - Some repairs
 - Septic cleanouts
 - etc

Golf Expenses - Supplies

Supplies Estimated at \$11000 in 2024

Golf Supplies



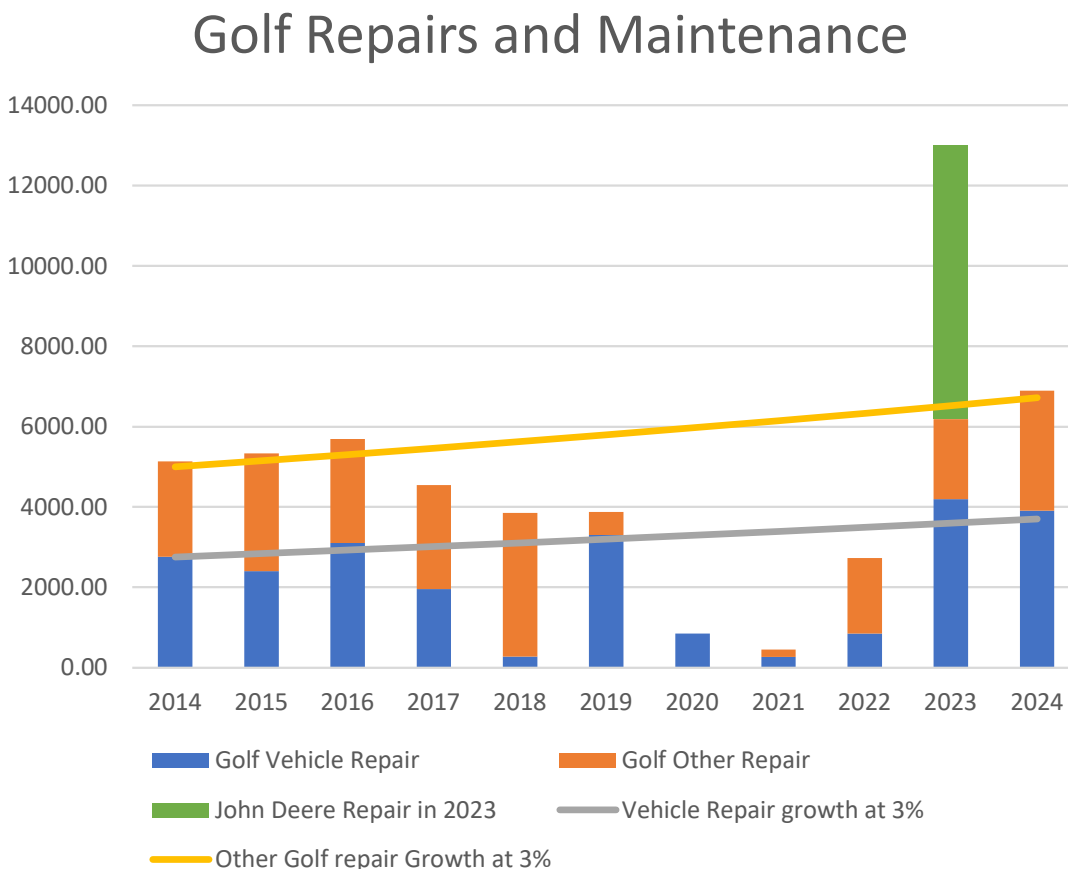
- Trending up over last 10 years at about 3.5%
- Includes course nutrients, sand for greens, porta potty and misc. items that vary year to year
- 2023 included extraordinary sand purchase. Not assumed to repeat
- Assuming modest inflation on major components drives a budget of 11000 consistent with budget for 2023

Golf Expenses — Repairs and Maintenance

Vehicle and Other R&M estimated at \$3900 and \$3000 for 2024

Golf Memberships/Training and Tournament Funds maintained at \$100/\$400

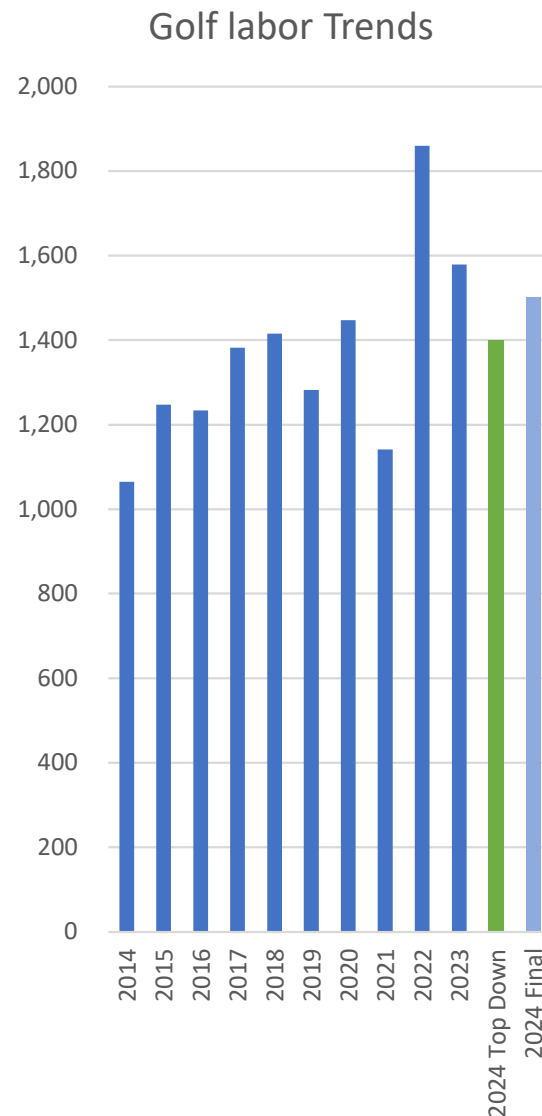
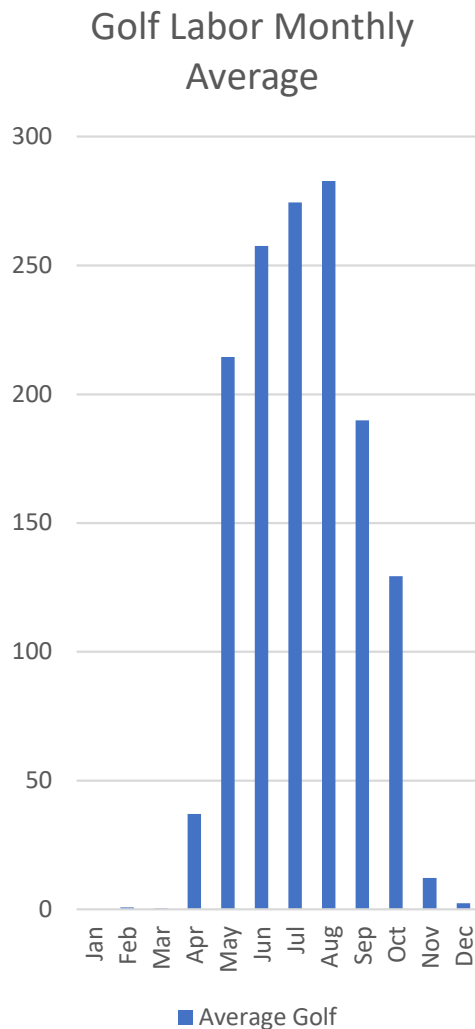
Mulligan Expenses paired with target income at \$1500



- 2023 experienced a large vehicle repair expenditure for the John Deere. Excluding that brings spending more in line with long term trends and is a better basis for extrapolation
- Using 3% as a long-term inflator drives an estimate of 3900 and 3000 for vehicle and other repairs in 2024

Golf Expenses

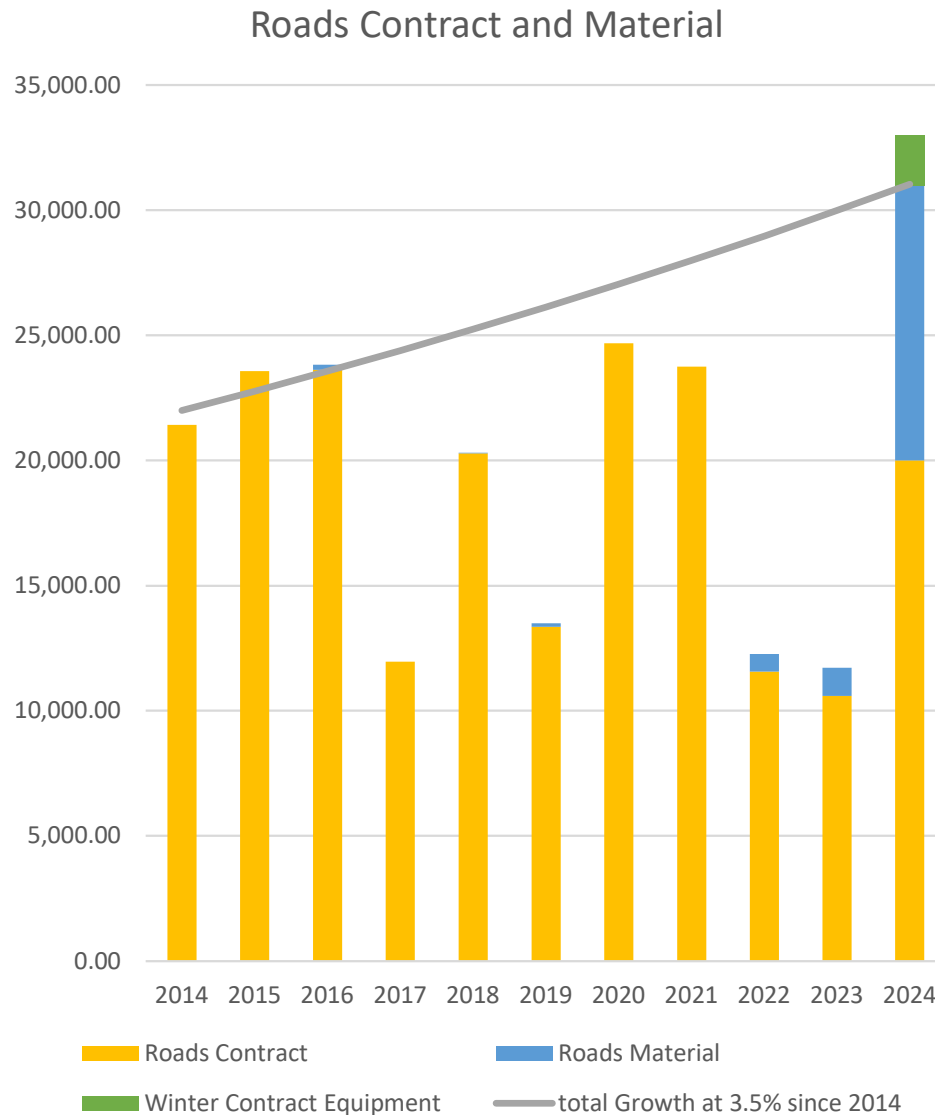
2024 Labor Budget \$39000 vs \$40,400 in 2023



- Golf labor hours expected to end up around 1600 hours in 2023 down about 250 from 2022 but above longer-term average of 1400
- Assume ~~1600~~ 1500 hours for 2024 as allocation from maintenance team. If issues arise, expect maintenance team to manage priorities and attempt to maintain overall maintenance team budget of 2800 hours
- Projected budget of 39000 which is a 3.5% decrease from 2023 budget of 40400

Road Maintenance

Contract \$22000, Material \$11000



Summer Contract Labor - 20000

- 2 times a year – Spring , fall
- Cost to dress road surface 10000 per time
- Timing depends on vendor availability and weather.

Material – 11000

- Approximately 375 per load
- 30 loads annually

Winter Contract Equipment - 2000

- Outside Equipment to clear snowbanks and widen passage when required

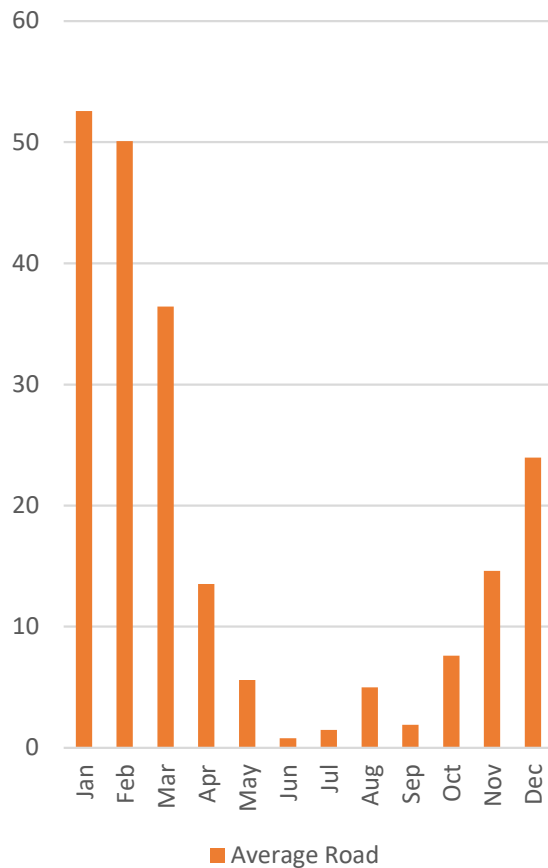
Culvert Replace and Repair

\$40000 has been identified and intended to be addressed and prioritized in Capital Budgets for the coming years

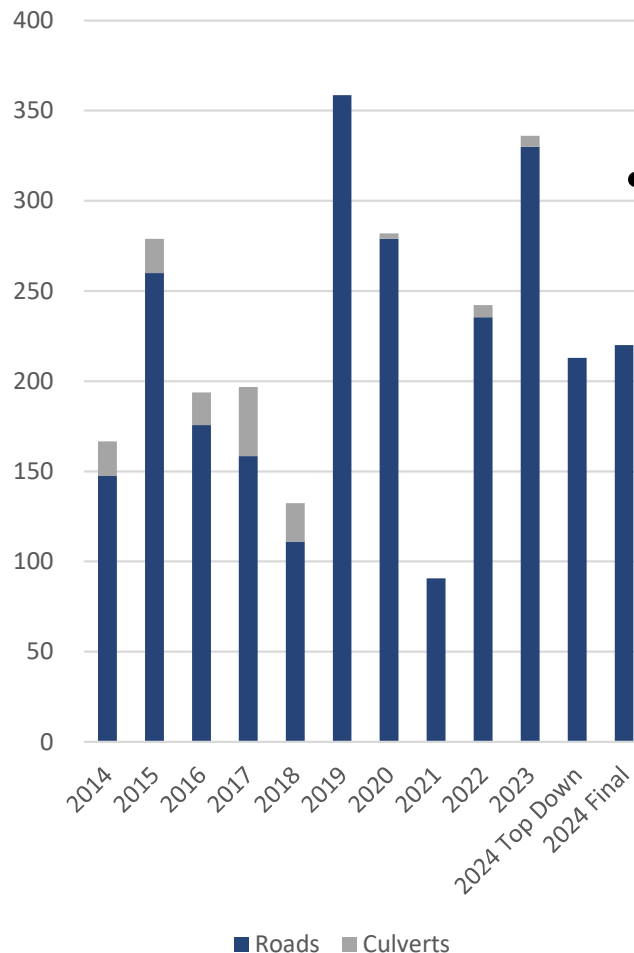
Roads Labor

220 hours @\$5720

Roads Labor Monthly
Average

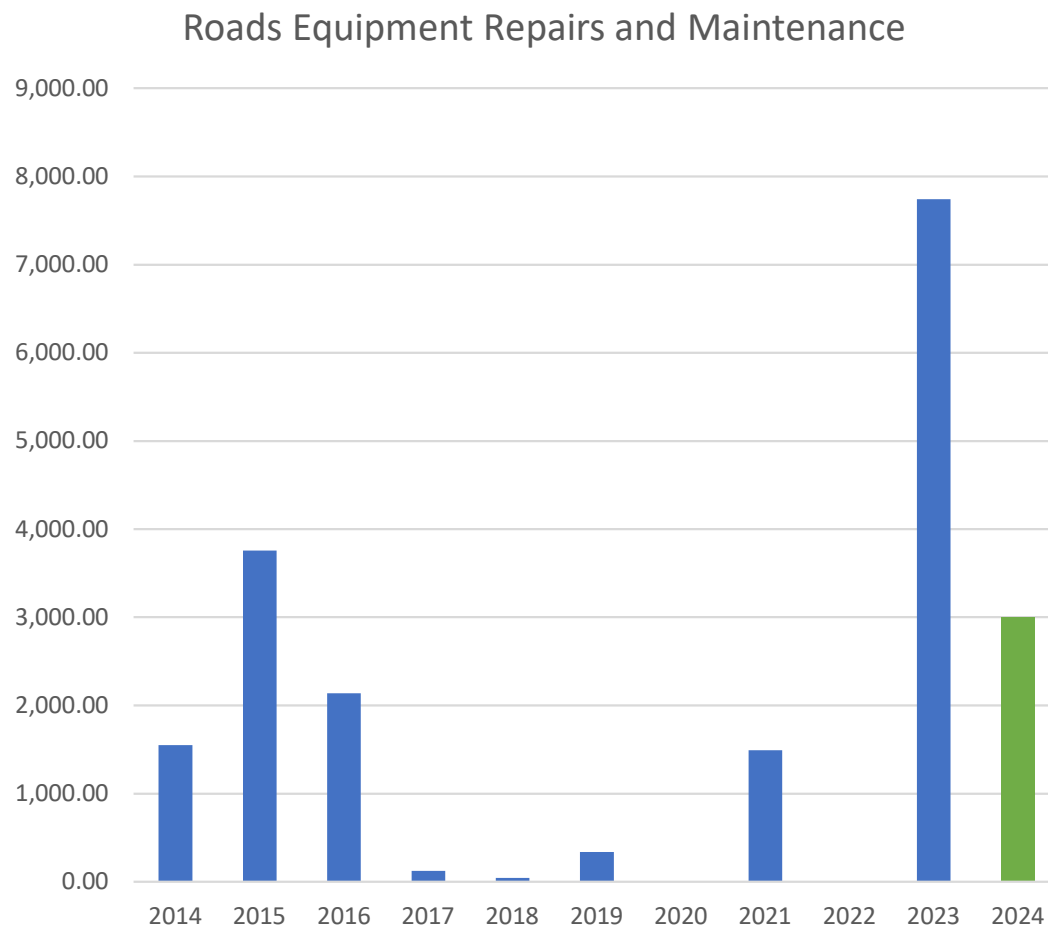


Roads labor Trends



- Roads Labor hours largely expended in winter for snow plowing
- Planning on 220 hours which is consistent with historical trends

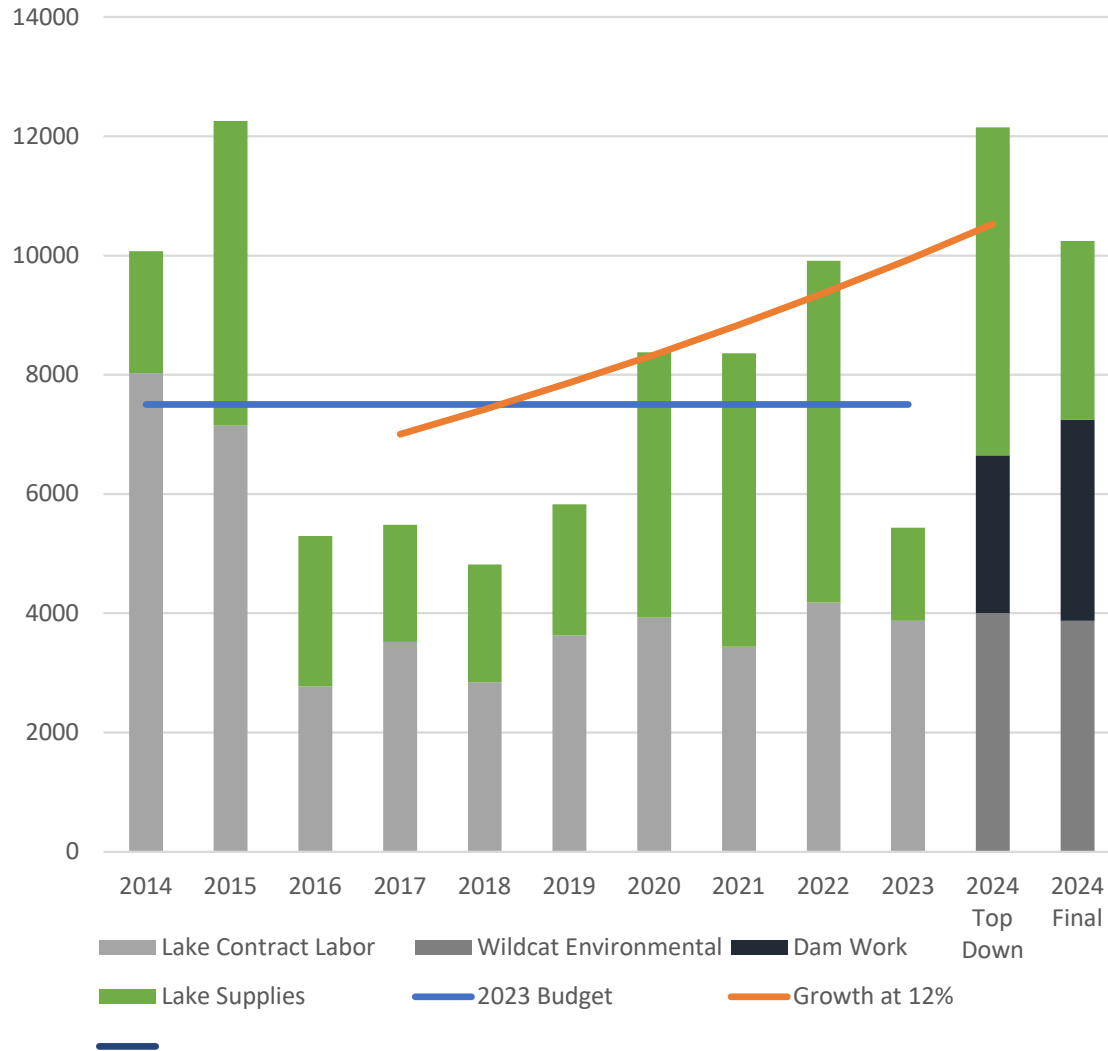
Roads Equipment Maintenance and Repairs - \$30000



- Extraordinary repair in 2023. Not expected to repeat
- Annual Maintenance of 2 plow trucks - 2000
- Periodic repair or replace of items such as cutting edges - 1000

Lakes Expenses

Lakes Contract and Supplies(Fish)



Contract labor - \$7243

- Dam on Aspen excavation
 - 30 hours at 150/hr.
 - **¼ Deferred to 2025 –keep 3375**
- Wildcat Environmental
 - In line with 2023 - 3868

Supplies – \$3100

- Crowthers Freshwater
- 2 stockings as budgeted for 2023
- 1500 each stock
- Tournament Prizes - \$100

Employee Labor – limited \$150

- Clean Streams if no volunteers

License and Fees - \$202

- NM Lake permit

Water Contracts and Supplies

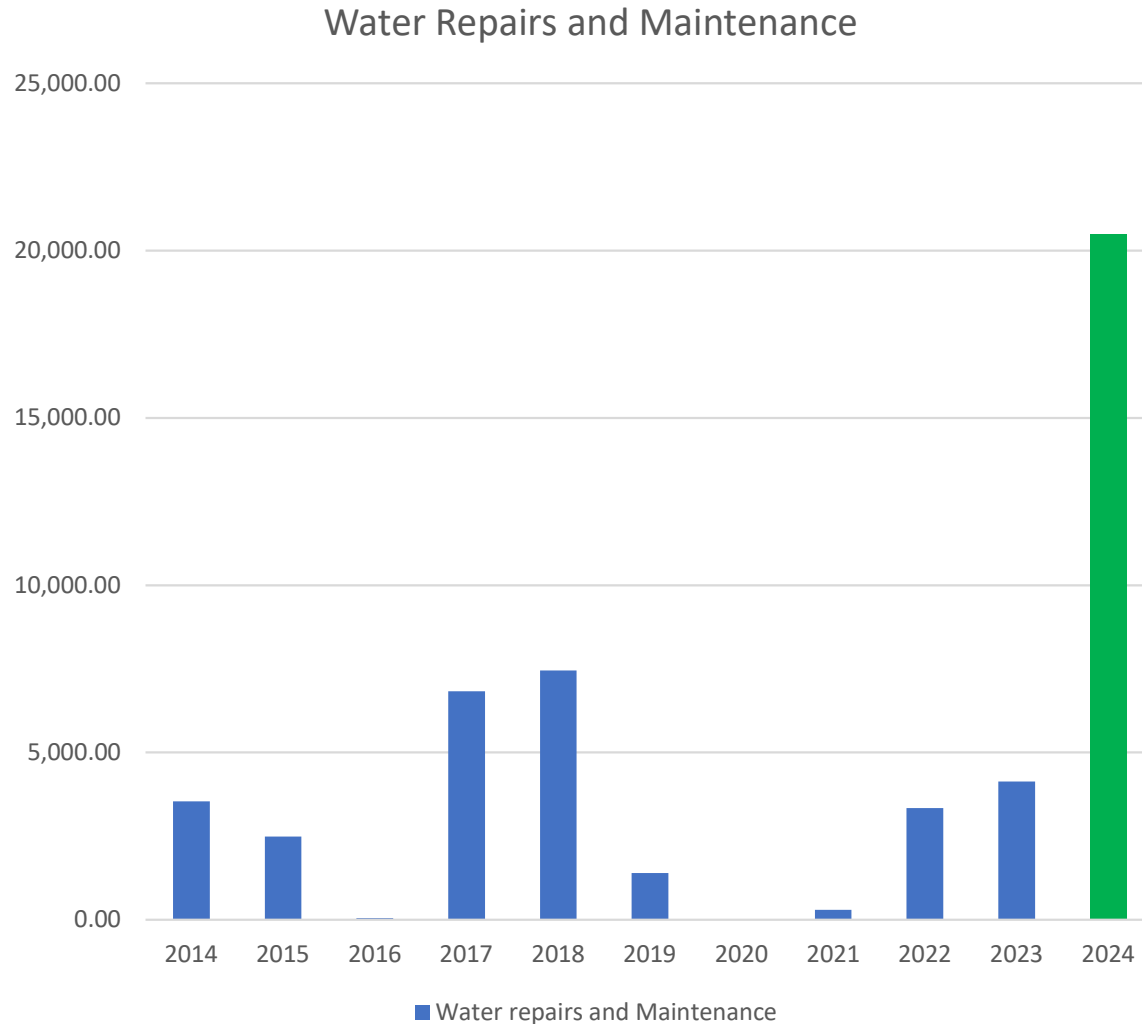
2024 - \$10750



- Contractor assistance in Lead and Copper Rule Compliance - **\$4400** *deferred to 2025*
- Water Quality Testing and Compliance -- Contractor Assistance in testing for Compliance with NMED - \$5000
- Contractor Assistance in emergency repairs for water breaks or to address other emergencies resulting in the loss of water **\$15000** – *moved to repairs*
- Routine Supplies - \$5750

Water Repairs and Maintenance

2024 - \$20500



- Curb Stop Valves (Add 3/year). Need to start installing corporate valves where one does not exist at individual cabins. Unit cost \$1500 each includes valve plus install - ***\$4500 – Moved to Special Funded Project***
- Contractor Assistance in emergency repairs for water breaks or to address other emergencies resulting in the loss of water ***\$15000 – moved from Contracts and Supplies***
- Sanitary Survey Compliance Repairs - Potential repairs required as a result of the Sanitary Survey - \$3000
- Wireless Communication System - Supplies to maintain wireless components - \$1000
- Other Repairs and Maintenance - \$1500

Water Expenses – Other

2024 - \$1260

Water License and fees - \$660

Water Operator License and Fees - \$360

State Taxation Fees - \$300

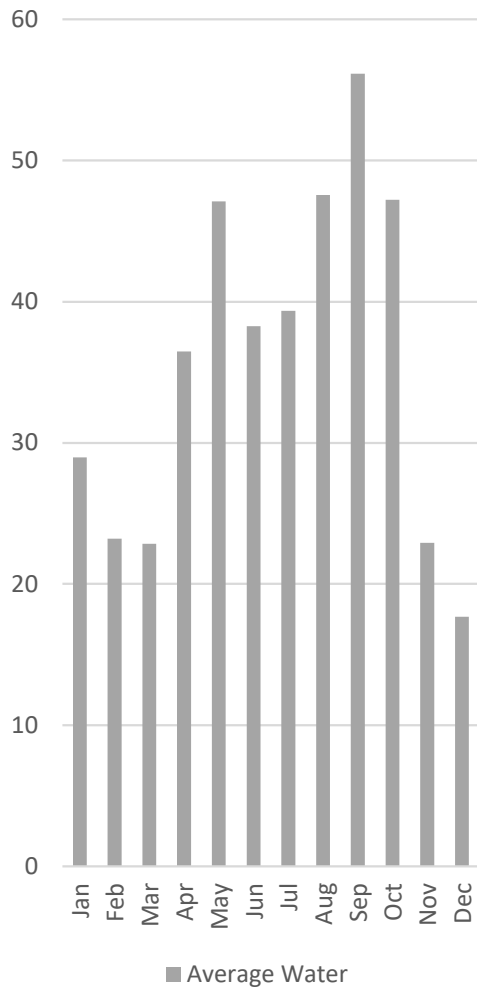
Water Training - \$600

Needed for new operator - \$600

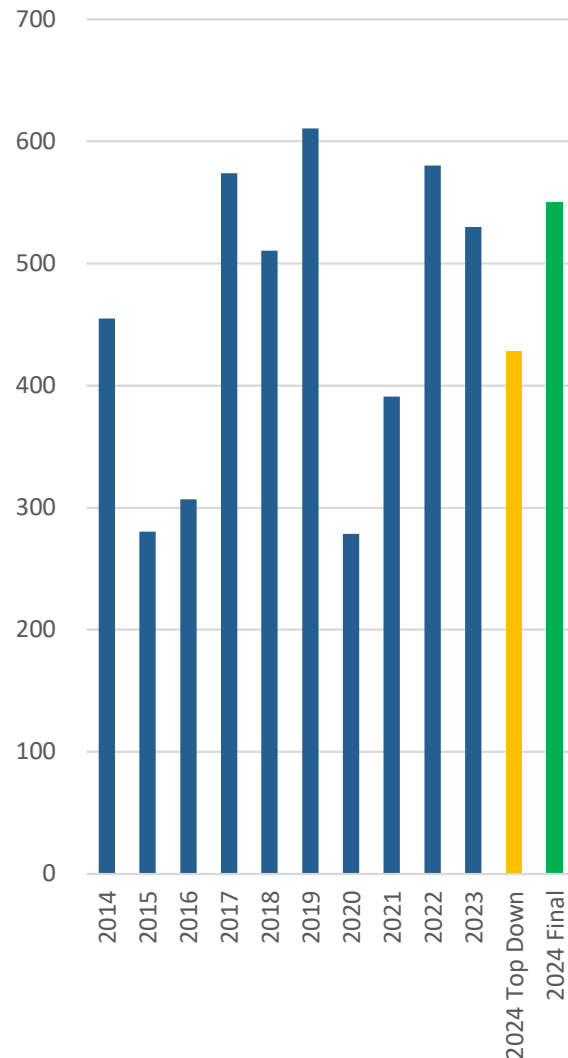
Water Expenses – Labor

2024 - \$14300

Water Labor Monthly
Average



Water Maintenance Team
Labor Hour

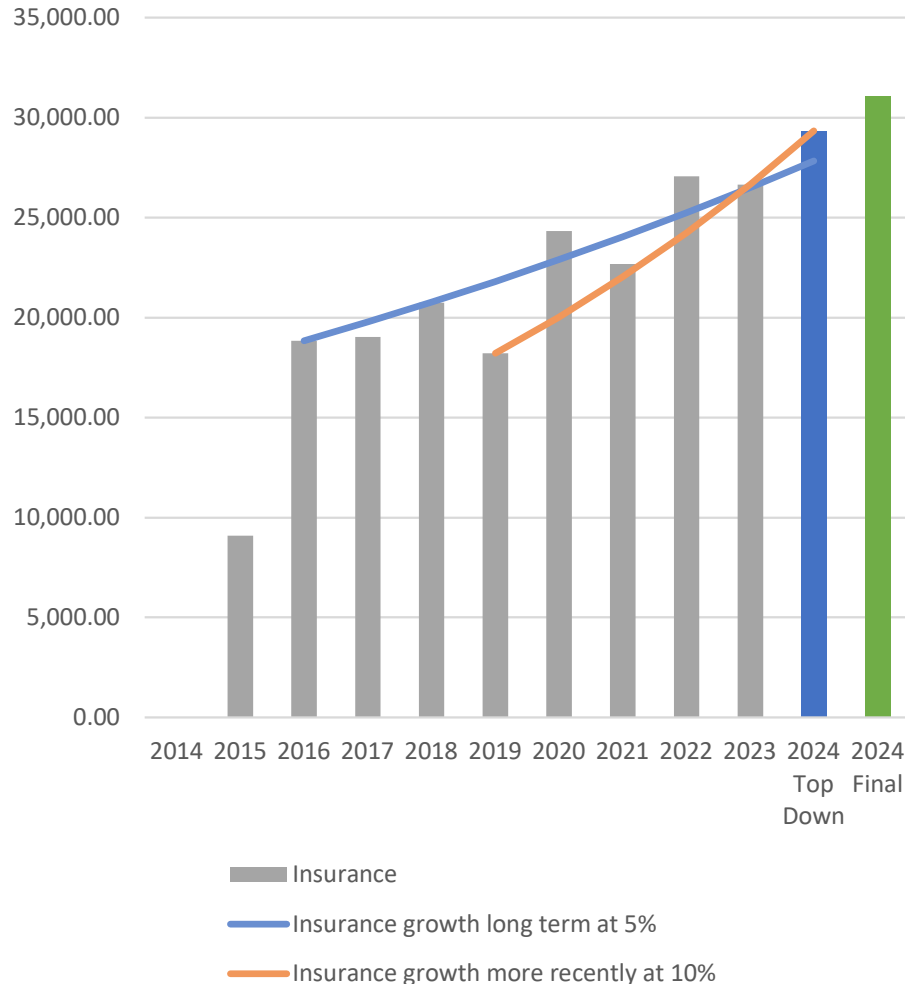


Hours are estimated to increase in 2024 because of bringing on a new water operator. ~~695~~ 550 hours in 2024. Budget for 550 and if issues arise, maintenance team to attempt to make priority decisions to keep overall maintenance hours to 2800. Budgeting \$14300

Operating – Insurance

2024 - \$31100

Insurance - Policy renewal in Aug went up by 9%

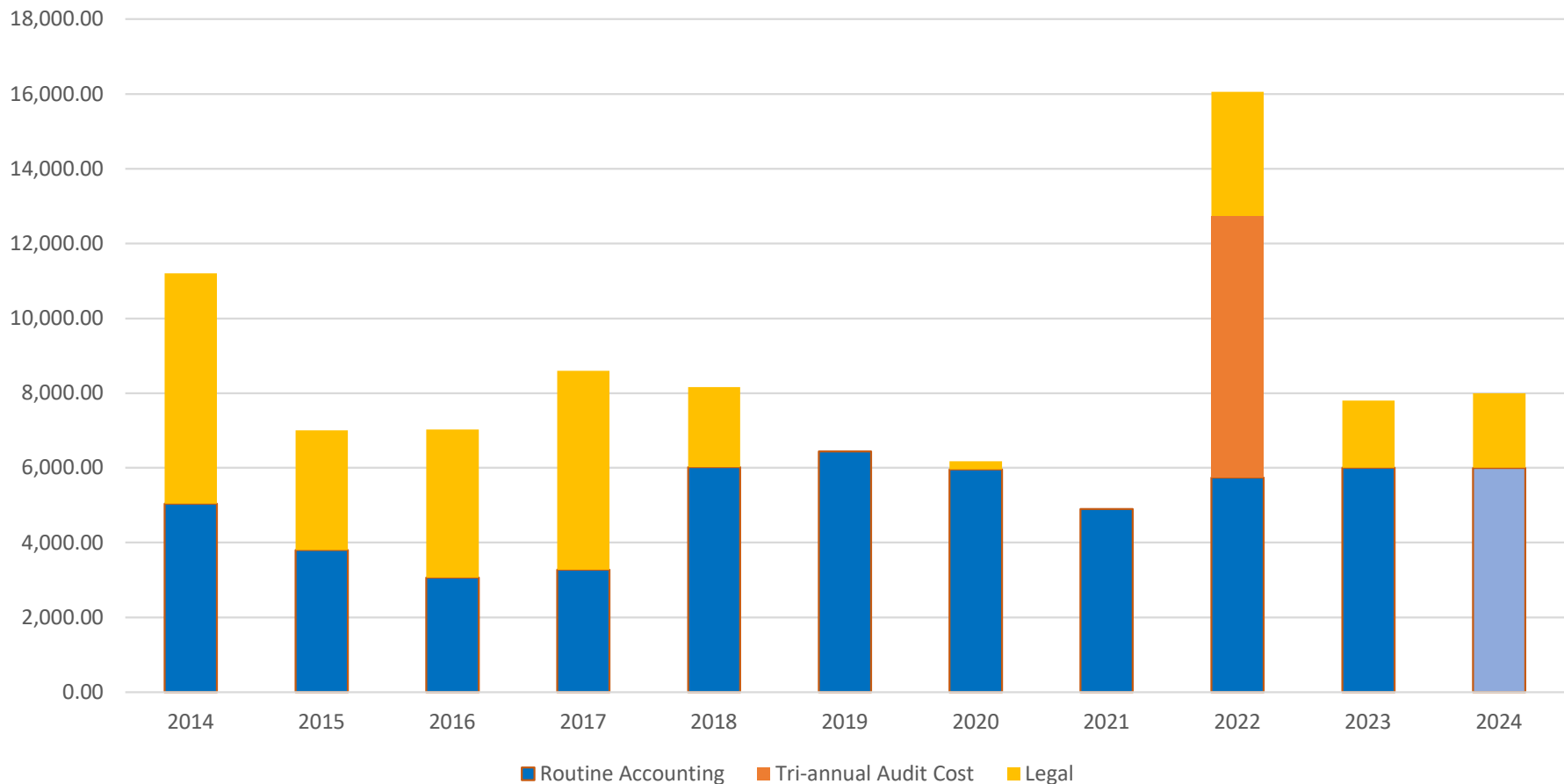


- Westfield currently at \$2379/mo. through July 2024 (7 mo.), then 10% increase through year end (5 mo.) Brings total for year to \$29700
- USLI increase by 10% to \$1400 per year.
- The 2023/2024 insurance premium increase was partially market driven & due to coverage adjustments.
- We deleted some unnecessary coverage & increased values for the clubhouse & contents.
- Rising construction costs combined with replacement costs for personal property pushed this decision.
- We have a “hard” insurance market plus increased fire risk.
- Recommend we budget a 10% increase per year for the next five years.
- Going forward where possible we’ll reduce coverage for less valuable or unnecessary pieces.

Operating – Accounting and Legal

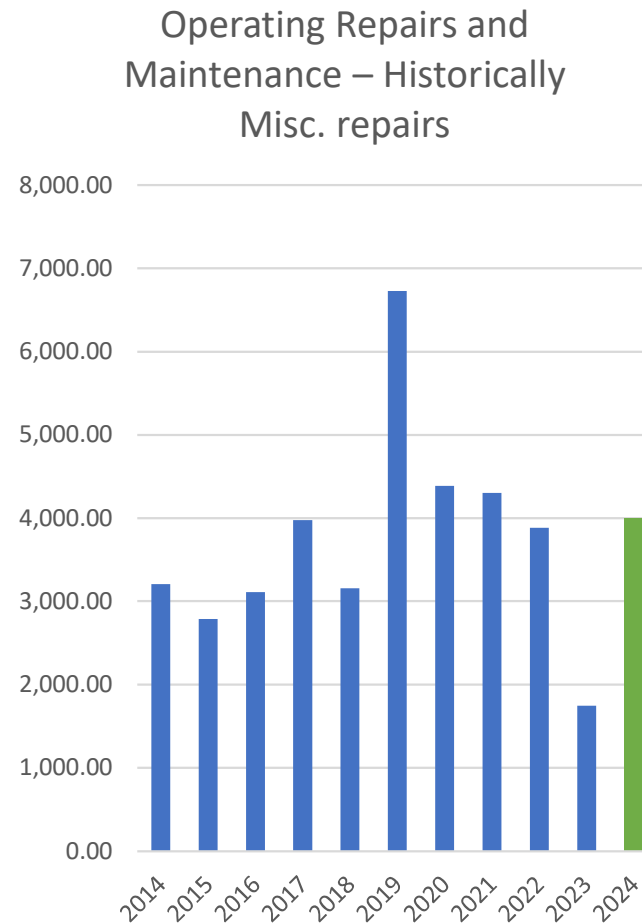
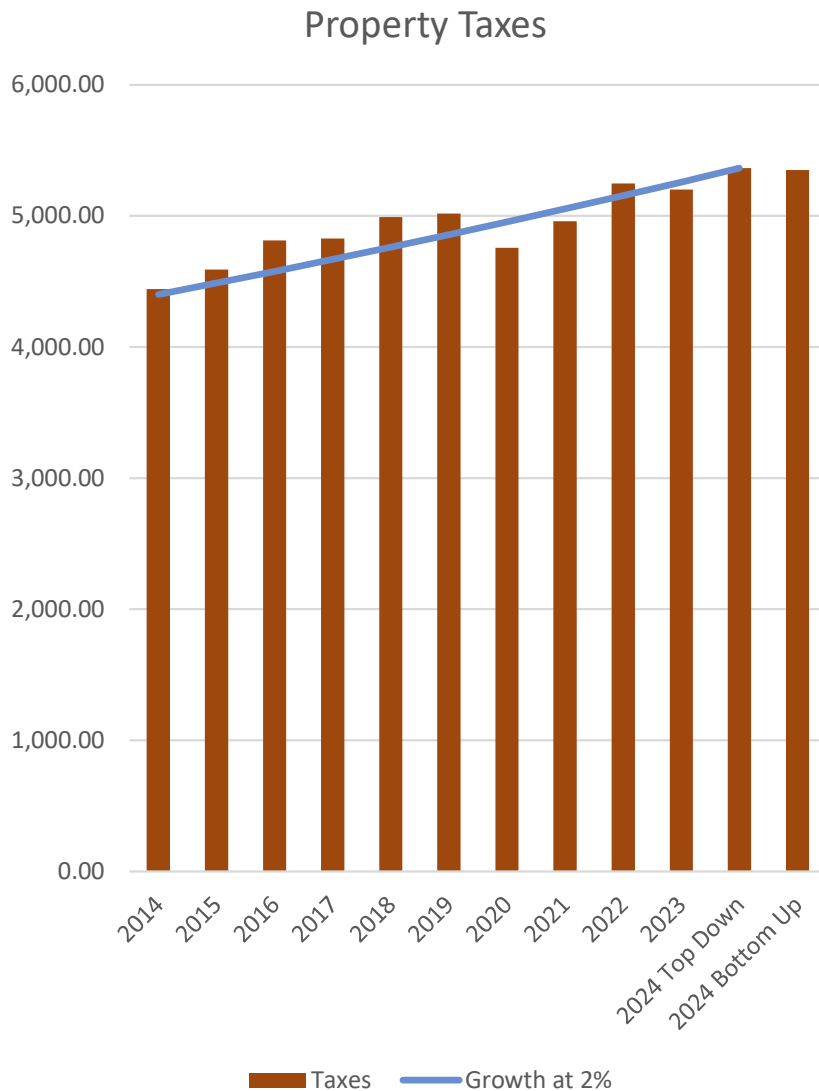
Accounting \$6000 and Legal - \$2000

Routine Accounting averaging 330/mo plus annual tax return at 2000/yr
exclude audit from 2024 budget - Legal as needed. Set aside 2000



Operating Budgets

Property Taxes - \$5350. Repairs, Tools and Maintenance \$4000

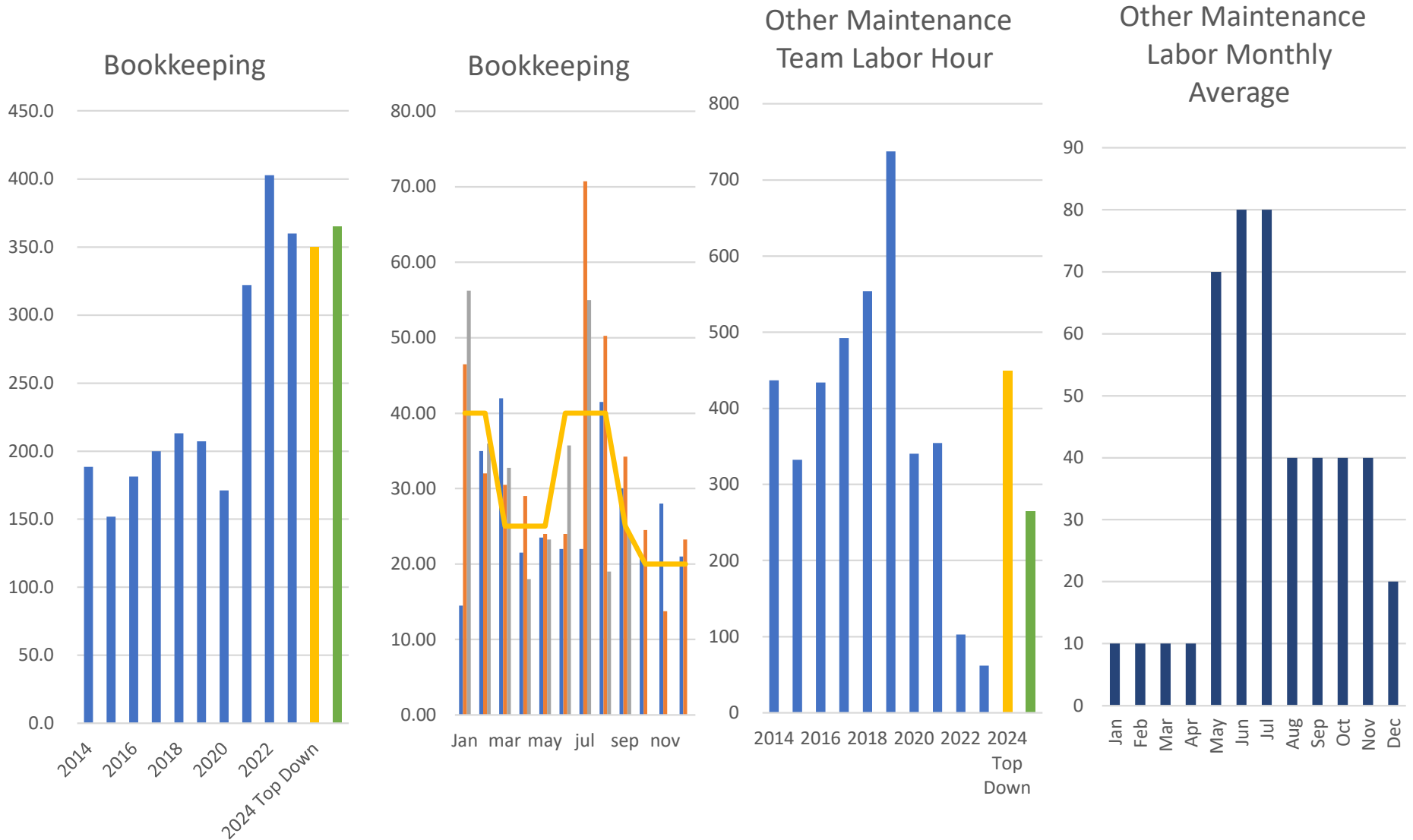


Operating – Misc. Activities

- Office Supplies -1200/year
 - Checks, envelopes, files, etc.
- Postage – 300/year
- Donations – 3000/year
 - Principally 2500 for RFFD
- Dues and Subscriptions – 4330/year
 - QuickBooks - \$549 in 2023. \$600 for 2024
 - Intuit Payroll - Payroll taxes etc. \$650 in 2023. \$700 in 2024
 - Webgility – Transfer POS data to QB. 1200 in 2023. 1320 in 2024
 - QBOX – Sync QB between users (CPA, bookkeeper, treasurer, etc. 180/yr. in 2023. 180/yr. in 2024
 - Square Teams – timeclock and shift coordination for staff. 450/year in 2023. 450 in 2024
 - HOA Express – Valle website. 561 in 2023. 600 in 2024
 - Microsoft 365 – Bookkeepers computer – 70/year 2023 and 2024.
 - Contingency – 280
 - Dropbox - 130
- Square fees – 2500
 - Averaging 3% of CC sales. 80% of sales are CC. 2404 on 81K in 2023. Estimate 2500 in 2024
- Bank Fees - 1000
 - Largely capturing Non-Clubhouse transaction fees 1237 in 2023. CC convenience fee revenue captured in HOA dues

Operating Budgets - Labor

Other Maintenance Hour- \$8250. Bookkeeping 365 hours \$8200



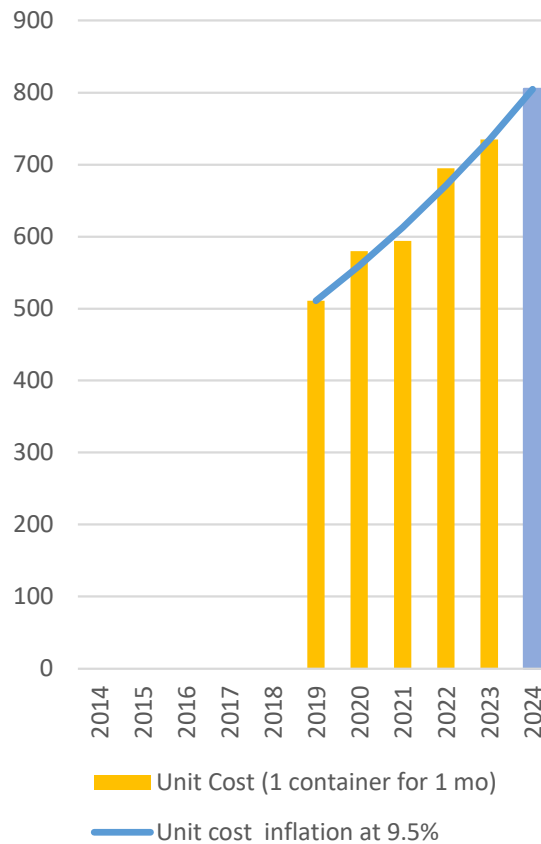
Utilities - Garbage

Cost to Service a Container up from 511/mo. in 2019 to 735/mo. in 2023
Extrapolates to 805/mo. in 2024. Hold to 29 units = 23,500 in 2024

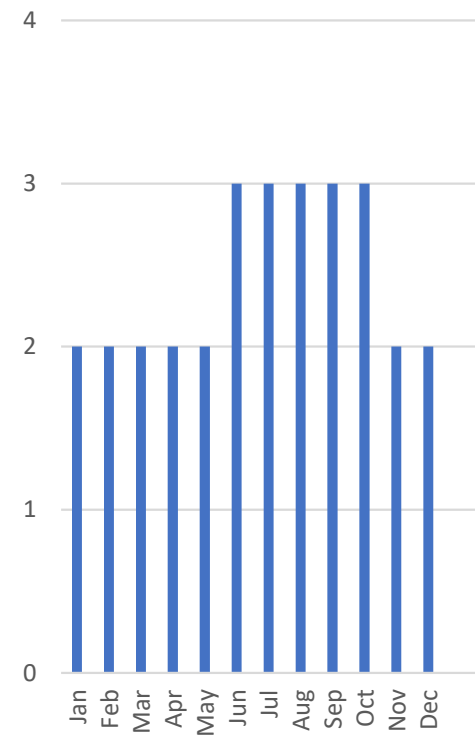
Recent WM Growth of 11%
per year



Cost per Container Month
Growing 9.5% per year

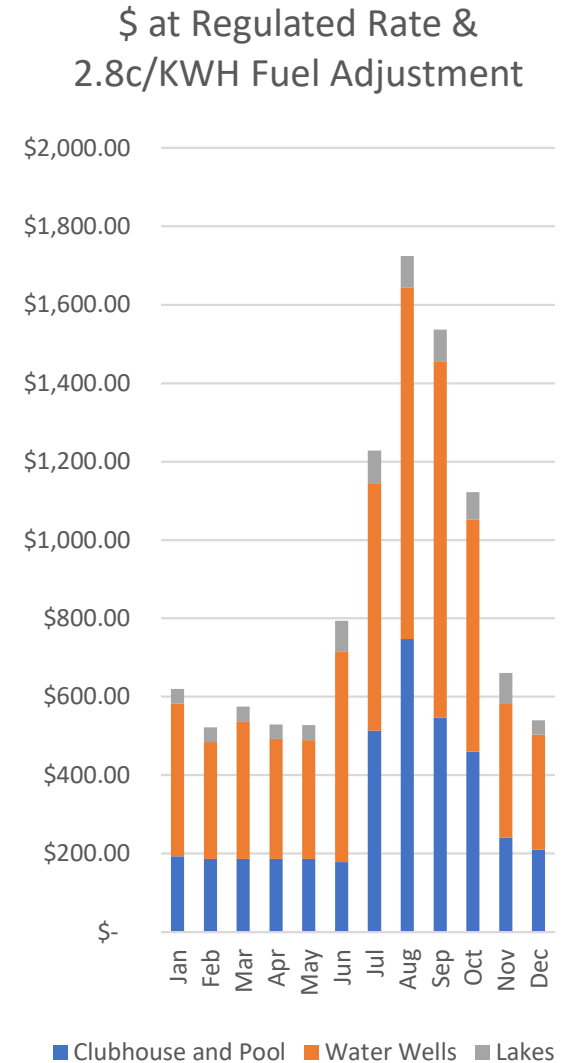
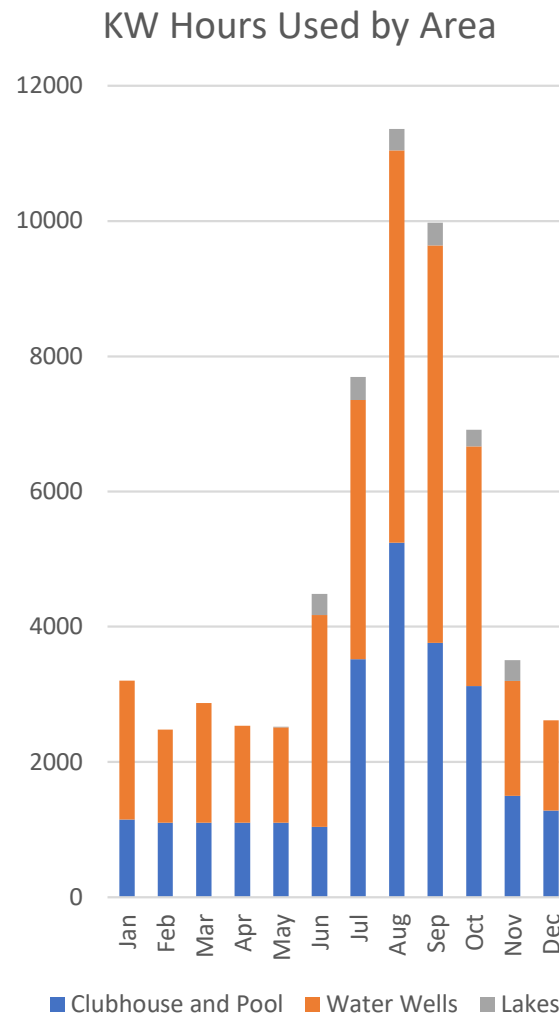
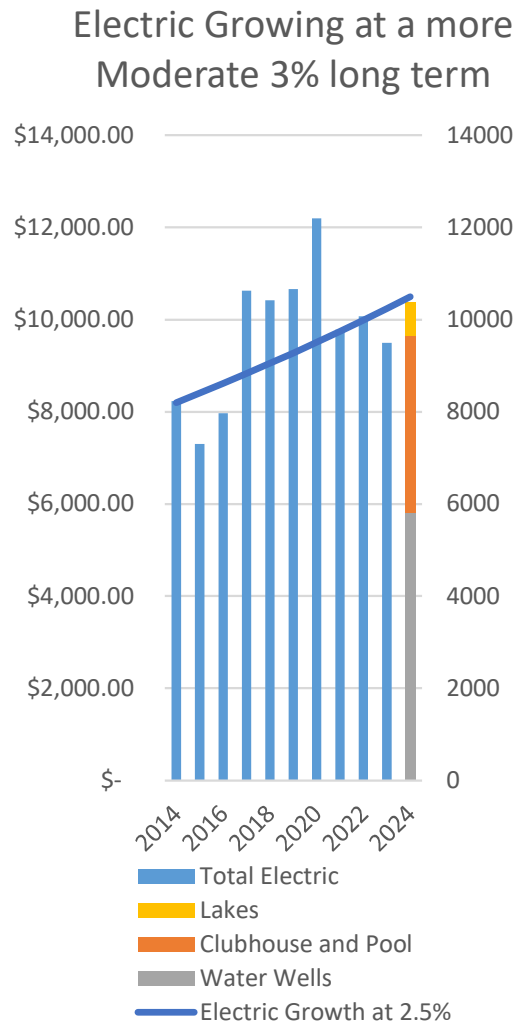


Average 29 Container
Months per Year



Utilities - Electric

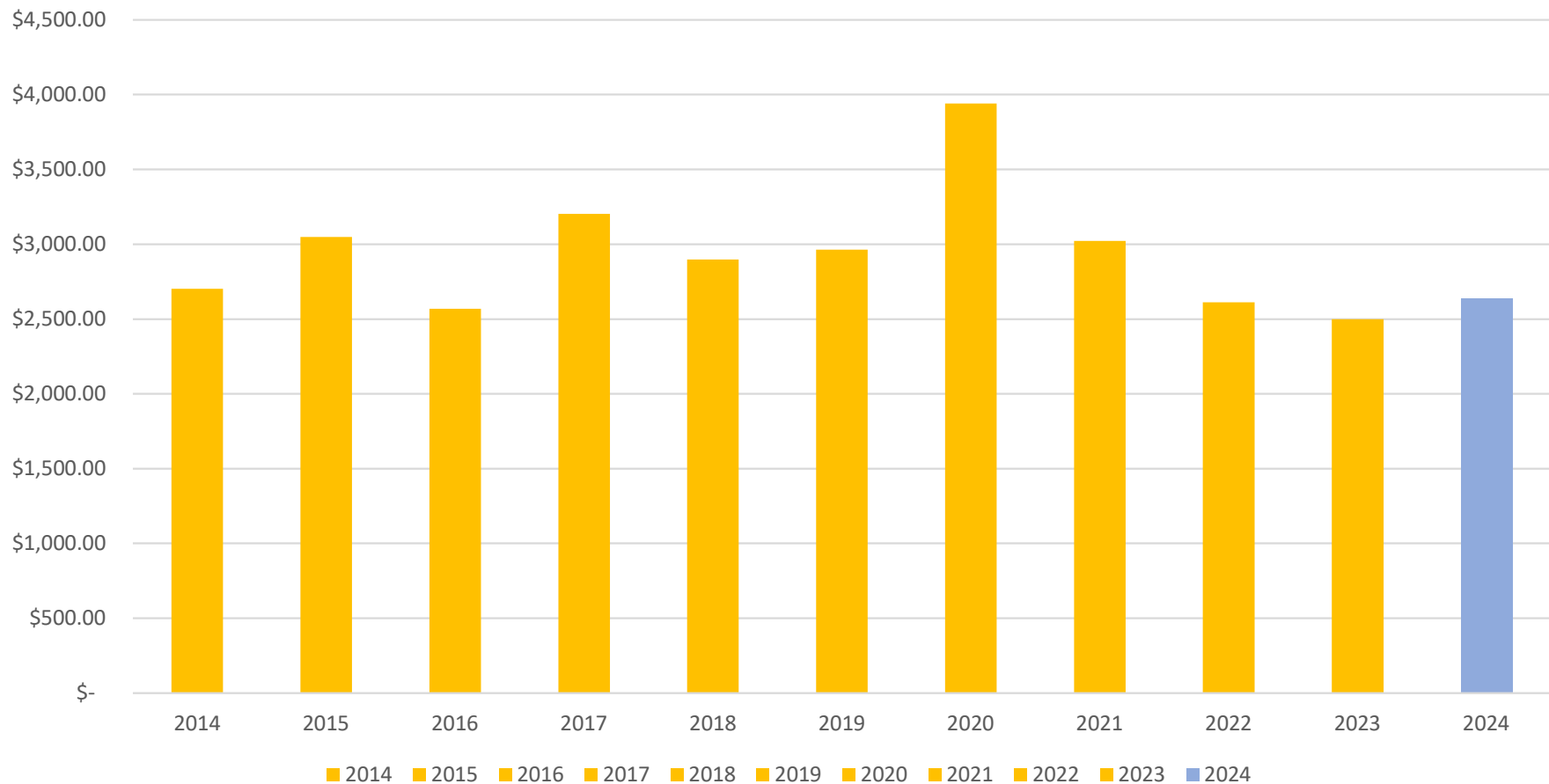
Projecting Electric at KWH usage x Regulated rate +2.8c/KWH (fuel adj)
2024 target = \$10500



Utilities - Telephone

\$2640 target for 2024

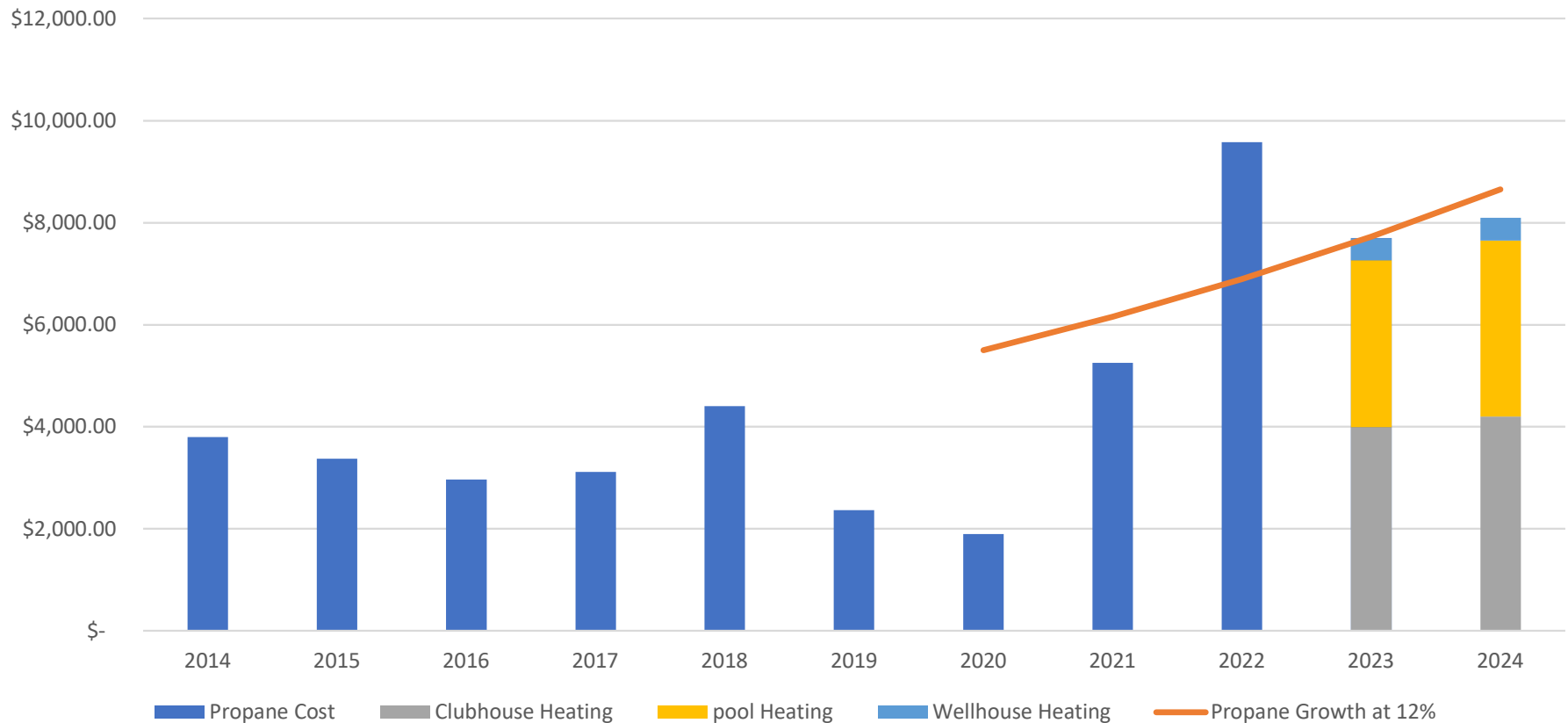
Telephone Fairly Steady - Project 5% increase from 210/mo to 220/mo - Total 2640 in 2024



Utilities - Propane Cost

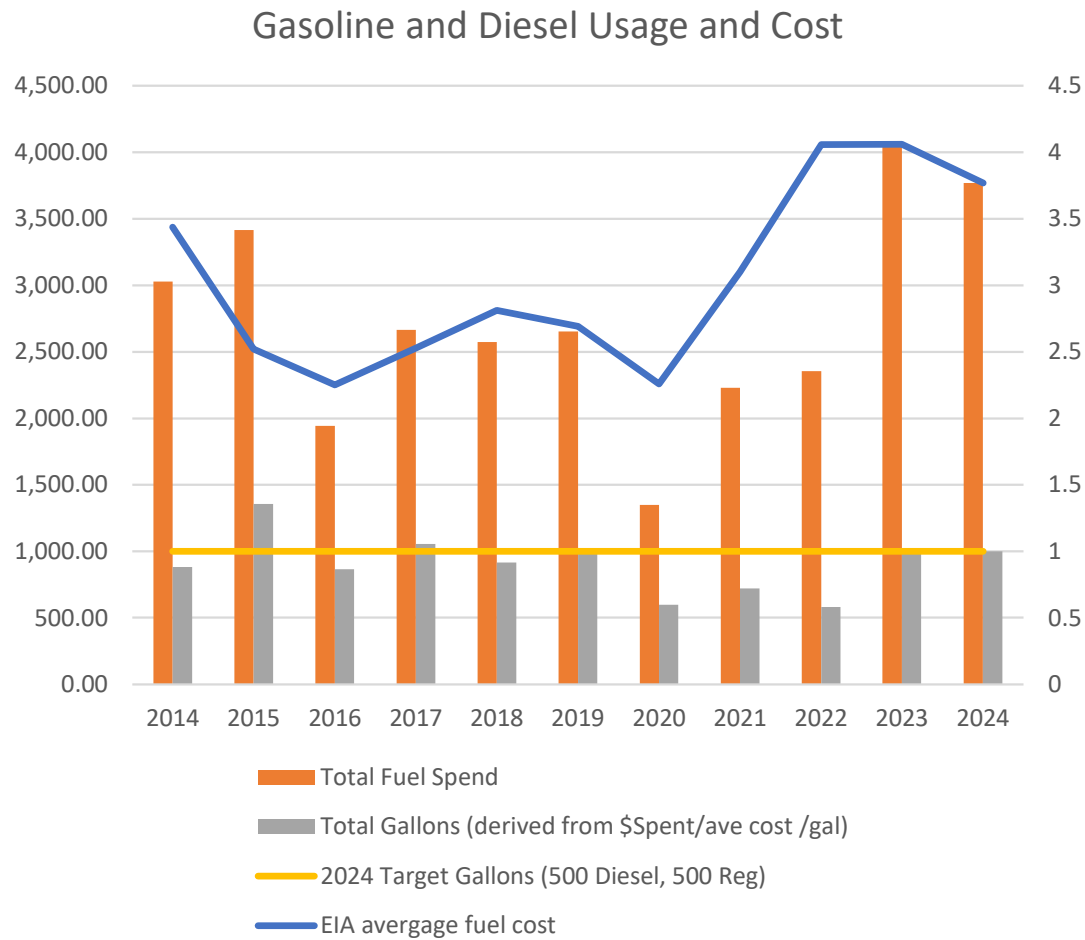
\$8100 target for 2024

Recent Usage - 1400 gallons for Clubhouse Heating, 1150 Pool and 150 Wells (\$2.85/gal 2023, Project \$3/Gal 2024)

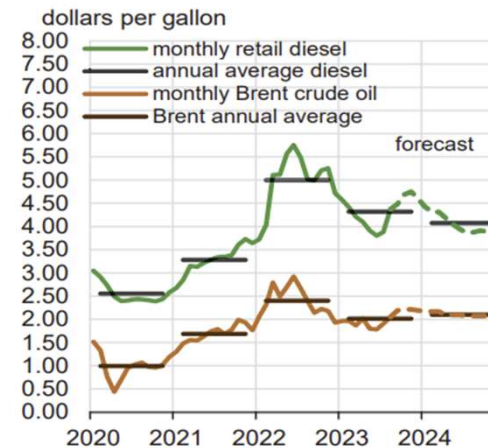


Fuel Cost

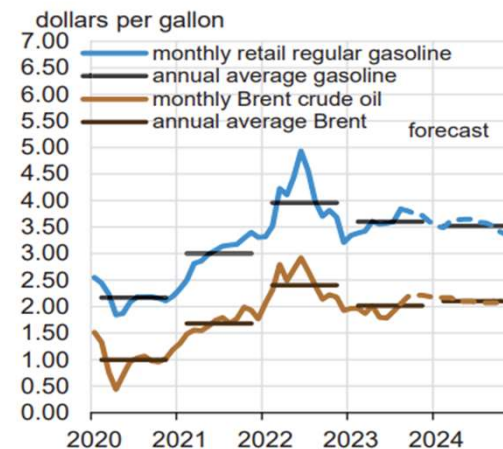
Project average quantities of diesel and gasoline at forecast \$/gal
2024 Budget - \$3770



U.S. diesel and crude oil prices



U.S. gasoline and crude oil prices



2023 Operations Budget –Appendix

Est to Complete Summary

Required Draw improved from (28,831) to (10676). Favorable change since Sep 30 est.

No Roads Project, some other small improvements, Extra Transfer Fee, Slight improvement in Clubhouse Contribution.

<u>Income</u>	<u>12-Dec-23</u>	<u>Est. to Complete year</u>	<u>Notes</u>	<u>Est. At Year End</u>	<u>Budget</u>
General Revenue	\$ 267,060.00	\$ -		\$ 267,060.00	\$ 263,050.00
Clubhouse Contribution	\$ 57,497.00			\$ 57,497.00	\$ 64,900.00
		\$ -			
	\$ 324,557.00	\$ -		\$ 324,557.00	\$ 327,950.00
			Contribution to Capital (excluded from operating)	\$ 45,434.00	\$ 39,550.00
			Funds Available for Operations	\$ 279,123.00	\$ 288,400.00
<u>Expenses</u>					
Total Non Labor Expenses	\$ 164,729.98	\$ 13,950.00		\$ 178,679.98	\$ 171,950.00
Total Labor Expenses	\$ 130,521.00	\$ 3,300.00	120 Hours at 27.67/hour fully burdened calculation	\$ 133,821.00	\$ 140,050.00
			Total Operating Expenses	\$ 312,500.98	\$ 312,000.00
			Notes	Est. At Year End	\$ 1,400.00
				0 \$ (33,377.98)	\$ (25,000.00)
<u>Capital Plan</u>					
Capital Spending	\$ 63,732.96	\$ -		\$ 63,732.96	\$ 77,000.00
Tank Draw down	\$ 41,000.00	\$ -		\$ 41,000.00	\$ 41,000.00
Spend on Current (Non Tank) Capital	\$ 22,732.96	\$ -		\$ 22,732.96	\$ 36,000.00
			Draw Available from Current Year Allocation	\$ 22,701.04	\$ 3,550.00
			Required From Edward Jones	\$ (10,676.94)	\$ (21,450.00)

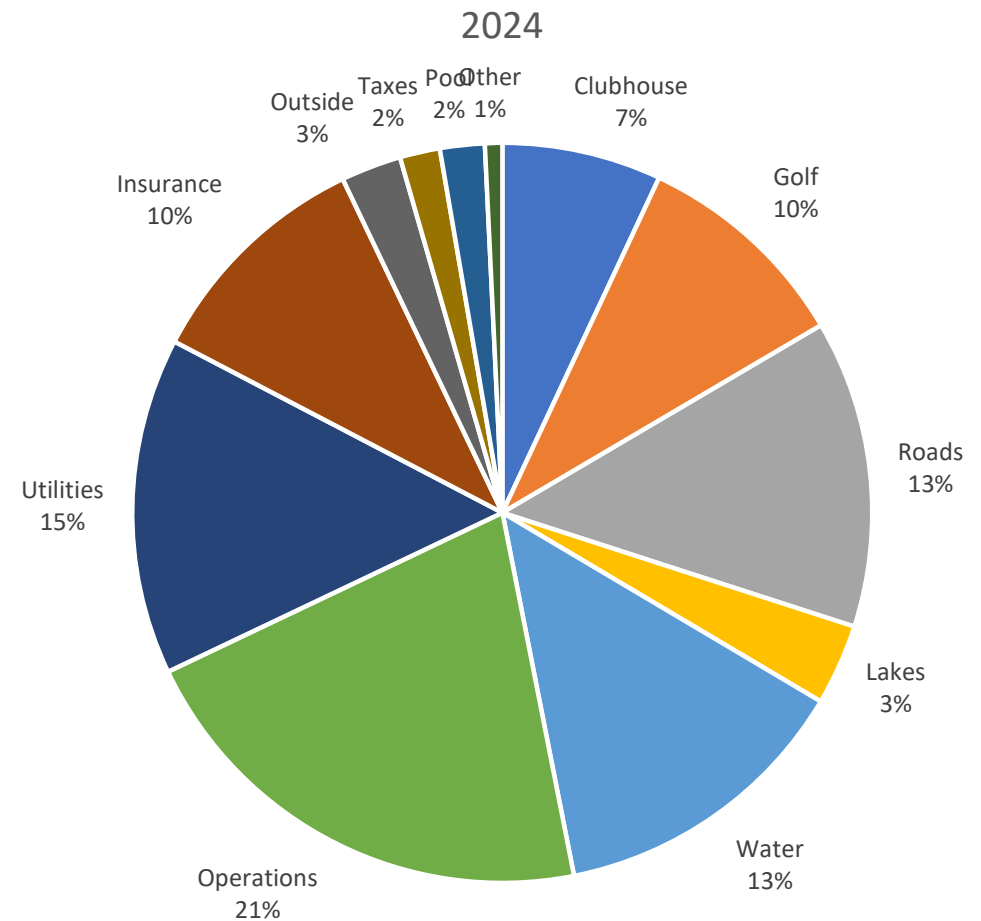
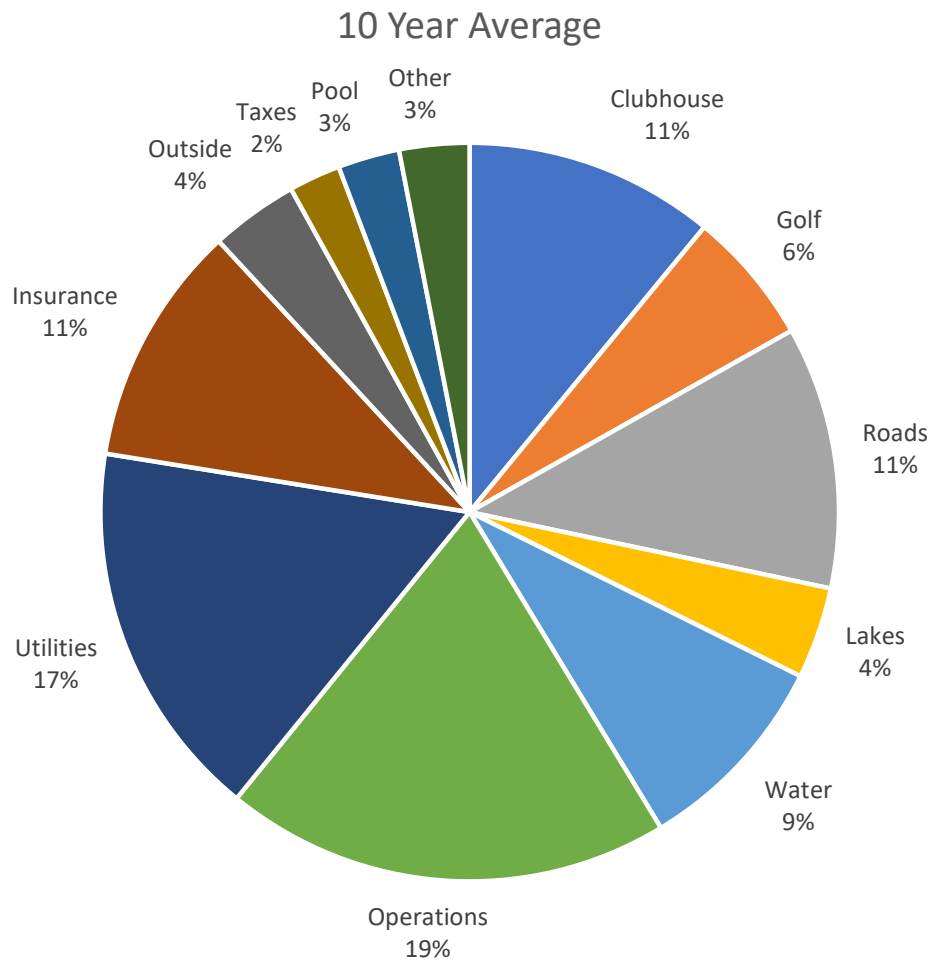
2024 Operations Budget - Appendix

New Sick Pay Rule

- **New Mexico Paid Sick Leave**
 - On April 7th, 2021, Governor Michelle Lujan Grisham signed [New Mexico House Bill 20](#), otherwise known as the Healthy Workplaces Act (HWA).
- **The Healthy Workplaces Act (HWA)**
 - The [Healthy Workplaces Act \(HWA\)](#) applies to all private employers in the state of New Mexico with one or more employees.
- **New Mexico Sick Leave Eligibility**
 - According to the Healthy Workplaces Act, **all full-time, part-time, seasonal, and temporary workers** are entitled to New Mexico paid sick leave.
 - Employees shall accrue a minimum of one hour earned sick leave for every 30 hours worked,
- **New Mexico Sick Leave Pay Rule**
 - Employees shall be compensated at the same hourly rate and with the same benefits for any taken sick leave,

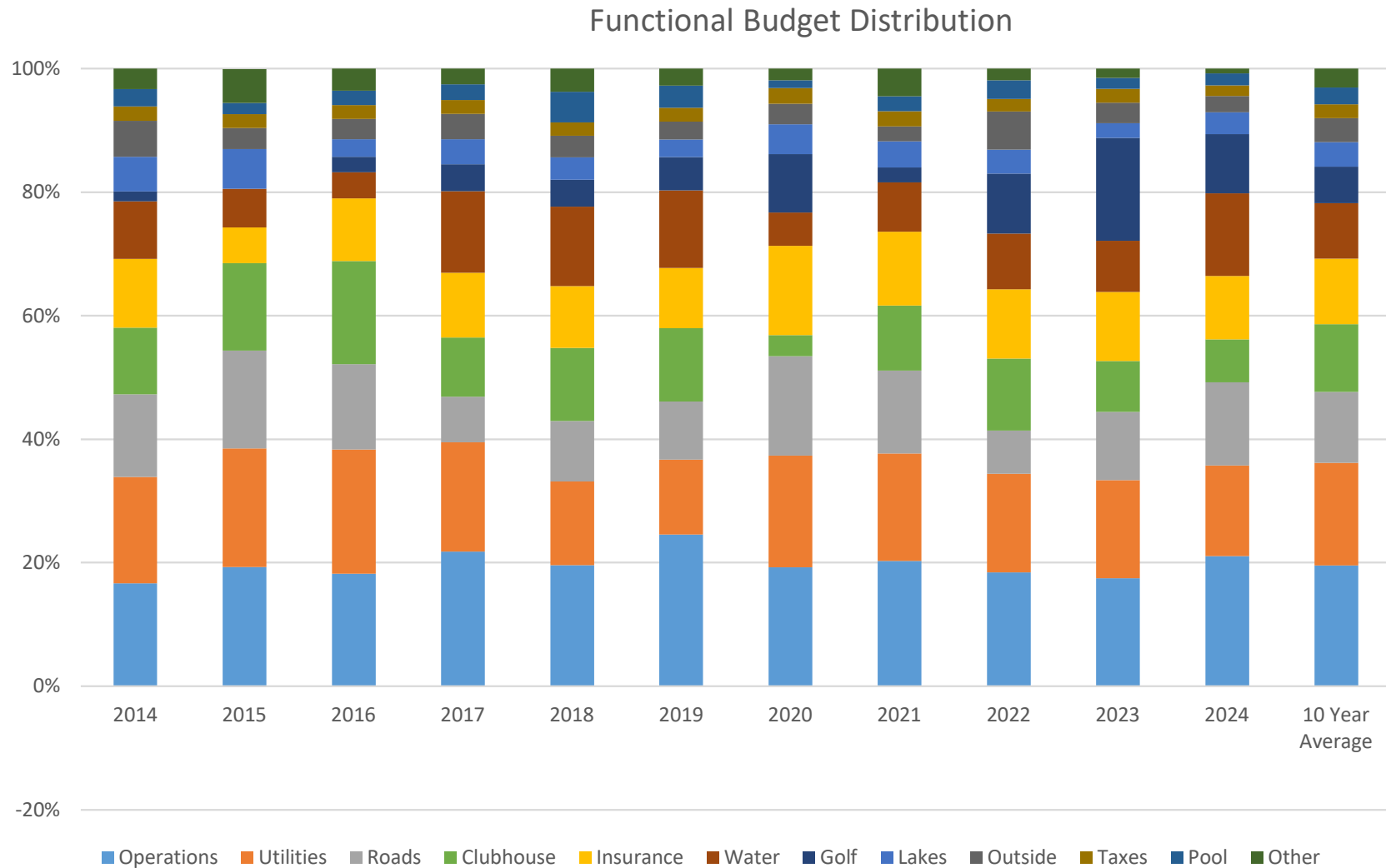
Appendix — Functional Breakdown of net spending

2024 Budget vs Average Breakdown. Both Direct Labor and Non-Labor Expenses included by function. Labor overhead is not split by function in our accounting system. Items such as payroll taxes are captured in operations. Clubhouse and Golf are net of respective contribution



Appendix — Functional Breakdown of net spending

Yearly Breakdown over last Decade



Appendix — Board Member Proposals

Brian

Option 1

Raise dues 20% and take the 10% (\$28,683) that goes to the Capital reserve and put into our budget. I didn't find anything in the by-laws that says we have to put \$ in the capital reserve yearly, please correct me if I'm wrong. This would only put us \$5,170 in the negative. I do understand we can't make this a habit, but desperate times call for desperate measures.

Option 2

Raise dues 20% and deduct 15%-20% from each committee's current budget. This would give us around \$20,000 - \$25,000, towards reducing our deficit of \$33,853. Leaving us only \$8-\$13 in the negative.

Question:

Why don't we start our budget with the amount of money we bring in? \$335,647 after 20% dues increase. Subtract Insurance and utilities \$76,590 and 155,650 labor, leaving you with \$103,407 to divi up amongst the committees.

Appendix — Board Member Proposals

Sam

Objective:

- Allow the existing budget to be approved recognizing it has a hole that must be remedied.
- As some suggested, rip the band-aid off quickly and increase dues now the fullest amount.
- Achieve a balanced budget by 2026
- Continue to maintain the wonderful asset that Valle Escondido is
- Reduce the reserves to \$145,000 over the next 3 years from the current level of \$170,000 (\$25,000)

Appendix — Board Member Proposals

Sam

Road Forward:

- 2024
 - Raise dues 20% to \$2,040.
 - Use \$33,853 from reserves to cover operating deficit.
 - Spend \$27,000 on Capital projects.
 - Reduce reserves by \$21,700 (approximately).
- 2025
 - Raise dues by 13.7% to \$2,320
 - Use \$10,162 from reserves to cover operating deficit.
 - Spend \$36,200 on Capital projects.
 - Reduce reserves by \$3,300 (approximately).
- 2026
 - Raise dues by 7.5% to \$2,490.
 - Assuming expenses grow by 3% in 2025 and 2026, we have a balanced budget
 - Spend all of capital allocation (approximately \$45,000) on projects
 - No reduction in reserves
 - Reserves reduced by \$25,000 over 3 years

Notes:

- Raising dues helps allocate more funds to capital projects HOWEVER,
- Raising dues is primarily necessary to balance the budget and bring revenues in line with long-term expense growth.
- To balance the budget in 2026, dues need to get to \$2,490 or expenses need to be cut from current budget levels
- Any reduction or delay in dues increases reduces the capital reserve or reduces the amount spent on capital projects.

Appendix — Board Member Proposals

Sam

Snapshot of different scenarios			
Raise dues 20% 2024	2024	2025	2026
Dues	\$2,040.00	\$2,320.00	\$2,490.00
Dues Increase	20.0%	13.8%	7.5%
Operating Deficit	\$(33,853.00)	\$(10,162.00)	\$(465.55)
Reduction to Reserves	\$(21,370.00)	\$(3,161.50)	\$(465.55)
Capital Spending	\$26,700.00	\$36,046.50	\$45,393.00
Capital account reduced by \$25,000			
Raise dues 18% 2024	2024	2025	2026
Dues	\$2,010.00	\$2,280.00	\$2,490.00
Dues Increase	18.0%	13.6%	9.2%
Operating Deficit	\$(37,579.00)	\$(15,130.00)	\$(465.55)
Reduction to Reserves	\$(19,010.00)	\$(5,431.50)	\$(465.55)
Capital Spending	\$20,200.00	\$32,796.50	\$45,393.00
Capital Account reduced by \$35,100			
Raise dues 2015% 2024	2024	2025	2026
Dues	\$1,960.00	\$2,220.00	\$2,490.00
Dues Increase	15.0%	13.5%	12.0%
Operating Deficit	\$(43,789.00)	\$(22,582.00)	\$(465.55)
Reduction to Reserves	\$(15,910.00)	\$(8,711.50)	\$(465.55)
Capital Spending	\$10,200.00	\$27,796.50	\$45,393.00
Capital Account reduced by \$50,300			

2024 Operations Budget – Appendix – Meeting Notes

- In October, the Board reviewed a 10-year view of historical performance of the VEHA Operational Budget
 - Expenses
 - 5200 hours is a reasonable model of required labor hours annually
 - Hourly wages have generally tracked the Federal reserve hourly wage index
 - There is variation across functions. But, in total non labor expenses have generally tracked CPI.
 - Projecting trends into 2024 suggested a top-down look at overall spending of around 350K to 355k in 2024 as a reference
 - Income
 - Dues have risen at a slower pace than operational expenses resulting in operational expenses diverging from the funds available for operations (FAO) - Recent Budgets have balanced using capital funds for operations.
 - Independent of any budget increase in 2024, dues would need to start increasing to close the gap between FAO and the annual expenses
 - Going Forward if we were able to track long term trends, we could balance expenses with FAO over three years
 - Compound increase in dues of 12% per year for 3 years.
 - In the interim Capital budgets would need to be curtailed or reserves would be required to fund them.
- Committees have submitted their budgets
 - This package provides a summary and details of those budget submittals
- The rolled-up budget from the committees (“bottom-up”) is more than the trend estimated.
- Nov 30 – Board met to review budget and developed recommendation in concert with committees – Actions summarized on next slides.
- Required Action – Dec 14
- Continue review process
 - Identify if there are additional opportunities to bring expenses down. AND/OR
 - Determine Income actions (principally dues increases above 12%) that can be used to balance
 - Board authority limited to 20%
 - Look at reserves and or assessments to fill holes if required

2024 Operations Budget – Appendix – Meeting Notes

2024 Operations Budget –Budget Actions Nov 30 and Dec 7

- Updated 2023 Estimate to complete as of Dec 1 puts Edward Jones at around 170K
- 2024 Non-Labor expenses adjusted to 214K (as detailed)
- 2024 Labor expenses adjusted to 155.5K (as Detailed)
- Guest fees raised to 150
- Garbage Fee to 200
- Transfer fee to 4500
 - 3000 to capital
 - 1500 set aside for curb stop program
- Golf Fees Raised by nominally \$5 across products – Golf Committee reviewed and approved change

2024 Operations Budget – Appendix – Meeting Notes

2024 Operations Budget

Proposed Non-Labor Adjustments after Nov 30 and Dec 7 Meetings

Big Hitters	Nov 30 Budget	Adjust	Dec 7 Review	Notes
Utilities	45,490.00		45,490.00	
Roads Contract and Materials	41,000.00	-8000	33,000.00	2 times @ 10K and 30 Loads
Insurance	31,100.00		31,100.00	
Water Contract and Supplies	30,150.00	-19400	10,750.00	Lead/Copper to 2025, Emergency Repairs to Repairs
Golf Supplies	11,000.00		11,000.00	
Outside Accounting and Legal	8,000.00		8,000.00	
Lakes Contract and Supplies	11,468.00	-4500	6,968.00	Defer Dam Work to 2025
Taxes	5,350.00		5,350.00	
Clubhouse Advertising and Utilities	4,510.00		4,510.00	
Fuel	3,770.00		3,770.00	
Pool Contract and Supplies	2,400.00		2,400.00	
Total	194,238.00		162,338.00	

- Make Adjustments that bring total Non-Labor to 214K from 246.5K = 32K reduction
- Big Hitters from 194.5K to 162.5K
 - Roads Adjustment
 - Push contractor assistance in Lead/Copper to 2025
 - Put Water Emergency repair in repair pool
 - Defer Dam work to 2025

REPAIRS	Non 30 Budget	Adjust	Dec 7 Review	Notes
Golf Vehicle and other Repair	6900		6900	
Water- Emergency Major Leaks	0	15000	15000	moved from contracts
Water- Curb Stops	4500	-4500	0	Moved to Transfer Funded
Water - Sanitary Survey	3000		3000	
Water - Wireless	1000		1000	
Water - Other Repairs	1500		1500	
Clubhouse repairs and Maintenance	1725		1725	
Road Equipment Repairs and Maintenance	3000		3000	
Lakes Repair	0		0	
Operating Repairs Maintenance and Parts	4000		4000	
Total	25625		36125	
Fund at 70%			25000	

- Move Curb stop replacements to a separately funded item. Raises Transfer fee to \$4500 and allocate 1500 to curb stop on each transfer.
- Weight Repair Pool at 70% assuming all potential repairs won't happen. 70% of 36K drives 25K budget for repair pool.
- Keep Misc. the same total Budget of 26.5K

2024 Operations Budget – Appendix – Meeting Notes

2024 Operations Budget

Proposed Labor Adjustments after Nov 30 and Dec 7 Meetings

- Set Maintenance team hours to 2800 consistent with longer term trends and let maintenance team manage priorities. Brings Total to 5200 from 5450 hours
- Make assumption that not all sick pay accrued will be used in 2024.
 - Assume only 1/3 of accrued hours used
 - 1500 used and 3000 accrued but not used.
 - 28c/hour vs 80c/hr
 - So, 29.93/hr. burden rate vs 30.45
- 5200 Hours at 29.93 = 155.5K vs 165.5K. 10K Reduction