

Proposed Budget—2008

By the Oquirrh Park HOA Board

According to our Covenants, Conditions, and Restrictions (CC&Rs), the Home Owners' Association (HOA) board is to adopt a proposed budget for the next year by October 1st. That budget is to be distributed for the homeowners review before the homeowners vote on it.

Accordingly, the board unanimously adopted a proposed budget for 2008 at the September HOA meeting. We are including it in this newsletter for your review. The budget will be voted on during the November 1st (Thursday) meeting at 7:00 p.m.

2008 BUDGET HIGHLIGHTS:

- Homeowners can vote on the proposed budget at the November 1st HOA meeting.
- Creates reserves for maintenance and improvement for roads, parks, the clubhouse, and the pool.
- Increases the monthly HOA fee by \$20.
- Prevents special assessments for repairs/maintenance; improves HOA & increases home values.

Developing the Budget:

Three factors influenced how we developed the proposed budget. *First*, we studied expense trends over the last couple of years. We looked at amounts that needed to be increased and those that could be reduced. *Second*, we considered the suggestions we have received this year. *Third*, we worked with private and public resources to determine current and future needs of our roads. After careful consideration of all of these factors, we developed what we believe to be a complete plan for our HOA for 2008 and beyond.

We kept a list of every improvement suggestion made at our monthly meetings. As discussed in the August newsletter, there are currently no budget considerations for improving the HOA. Previous budgets have been designed to maintain the HOA. As the HOA ages, previous budget allocations will be insufficient for even minimal maintenance.

To maintain and improve our HOA we need to increase funding. While we can't do everything at once, if we don't fund reserves, we won't be able to do anything without special assessments.

The most critical need for future budgets is to make provisions for our roads. As discussed in the September newsletter, we have to maintain our private roads without government help. After getting several estimates, our roads will likely cost over one million dollars, in today's prices, over the next 30-35 years.

POSSIBLE USES FOR IMPROVEMENT RESERVES:

- Second basketball court
- Playground upgrades
- More picnic pavilions
- Gate to walking trails
- Information kiosks
- Off-street parking
- Electronic keys for clubhouse/pool
- New carpet in clubhouse
- Tinting exercise room windows
- Improving clubhouse ventilation
- Children's pool
- More street lights
- Speed bumps
- Landscaping upgrades

Our roads currently need to be crack sealed, slurry sealed, and parts need to be reconstructed. This could cost as much as \$40,000 to \$60,000. Crack seal should be done every couple of years and sealing every few years. Without a reserve, there would be at least a \$300 assessment per home every time this work is needed. When we have to repave the roads it would cost around \$3,000 per home. Every other road maintenance issue, and all other HOA maintenance issues, would require additional assessments.

Instead of having everyone to come up with large amounts at once, we will prepare ahead by saving along the way. For example, if we allocate \$13.67 a month per home every year, we should be able to pay for all of our road work for the next 35 years according to our current estimates.

Increasing Our Property Values:

Funding these reserves not only avoids the impact of large assessments, it can increase our property values. The improvement reserves will allow us to improve our HOA which makes our HOA a more attractive place to live and own a home.

Funding road and improvement reserves with a fee increase will avoid future assessments and allow us to increase our property values.

Funding a road reserve can also increase our property value. A majority of new development in Salt Lake County is being done in HOAs and many have private roads. Prospective buyers will be aware of the chance that buying an existing home may result in future road assessments. By being able to show we have a funded road reserve, our homes will not pose that risk to buyers.

The Change in HOA Fees:

To meet the needs of our HOA—to maintain it, to improve it, and to care for our roads will all cost money—more money than we have budgeted for in the past. According to the CC&Rs, once a budget is voted on, the total budget is allocated to each owner over 12 months to arrive at the monthly HOA fee. This year allocating the budget results in a fee increase of \$20 for a total HOA fee of \$75.

We looked at every alternative we could think of and considered every idea and concern shared with us in the monthly meetings. We are still looking into the plausibility of alternate revenue sources and possible ways to reduce certain expenses. But we haven't found any other way to address our HOA's needs without a fee increase.

There has only been one HOA fee increase since our development started in 1999. Previous HOA boards have done a great job at making our neighborhood a great place to live with the resources available to them. But as our common areas and roads wear down, the resources we have allocated before will become insufficient.

Comparing Ourselves to Other HOAs:

At a recent meeting of HOAs in South Jordan, we had the opportunity to talk with board members and managers of other HOAs in our area. Although there is not a central reference for HOA fees and associated features, we did gather some comparative information.

The HOA that best compared to us in size and amenities has a monthly fee of \$135 and was planning on the maximum fee increase allowed by its CC&Rs this coming year. The only post-development HOAs we talked to that have lower fees than Oquirrh Park also don't have the same obligations we do—private roads, private parks, a clubhouse, a pool, and an exercise room.

We have been asked why our fees would have to be increased to an amount comparable to that of our neighbors in Daybreak, when our amenities are not as extensive as theirs. In the same meeting, the manager for Daybreak talked about their budget. Currently Daybreak is considerably subsidized by Kennecott Land to maintain their budget in the millions of dollars a year. When they are complete, the number of homes and businesses they have sharing their amenities and paying for them will be on an incomparable scale to our HOA of 230 homes.

How Our Money Will Be Spent:

Some residents have expressed a frustration that they don't understand how their current fees are being spent and don't know why we would need to spend more.

In effort to provide financial transparency, we publish the proposed budget before homeowners vote on it. This last summer, we printed a mid-year report showing how our money had been spent as of June 30.

At every monthly meeting, we provide an update by budget category as of the end of the previous month and answer any questions. And homeowners are always welcome to arrange other times to look at the HOA's financial records.

Here is a breakdown of where every penny of our monthly HOA fees will be allocated. Below is the total budget for the year. The 2008 budget and revised HOA fee will allow our HOA to be prepared for needed repairs and be able to make desirable improvements which will add value to our homes and make our HOA an even better place to live without compromising our financial security.

Monthly Fee Allocation	
Landscape and Sprinklers	\$ 15.48
Road Service and Repair Reserve	\$ 13.67
Utilities-Electric, Water, and Gas	\$ 9.81
Management Company Fee	\$ 6.77
Park Improvement Reserve	\$ 4.95
Clubhouse Maintenance & Cleaning	\$ 3.77
General Operating Reserve	\$ 3.17
Snow Removal	\$ 3.02
Clubhouse Improvement Reserve	\$ 2.47
Pool Improvement Reserve	\$ 2.47
Pool Chemicals and Maintenance	\$ 2.34
Landscape Improvement Reserve	\$ 1.89
Printing and Postage	\$ 1.13
Legal Fees	\$ 1.13
Community Activities	\$ 0.91
Parking Enforcement	\$ 0.68
Property Insurance	\$ 0.64
Miscellaneous	\$ 0.57
Income Taxes	\$ 0.11
Total Monthly Fee	\$ 75.00

Oquirrh Park 2008 Proposed Budget			
Income			
HOA Fees		192,440	
Fees, Fines, Buy-in, and Other		6,242	
Total Income		198,682	
Expenses and Reserve Allocations			
Landscape and Common Maintenance		Clubhouse and Pool	
Landscape Maintenance	32,000	Clubhouse-Cleaning and Maintenance	10,000
Landscape Improvements Reserve	5,000	Upgrades & Improvements Reserve	6,555
Other Maintenance & Repair	6,000	Pool Chemicals, Maintenance, & Repair	6,200
Park Improvements Reserve	13,110	Upgrades & Improvements Reserve	6,555
Road Maintenance Reserve	36,220	Subtotal Clubhouse and Pool	29,310
Snow Removal	8,000		
Sprinklers Service & Repair	3,000	Management	
Subtotal Landscape and Common Maintenance	103,330	Management, Printing, and Postage	20,940
		Legal & Accounting	3,000
		Subtotal Management	23,940
Utilities		Other Expenses	
Electricity	3,500		
Water/Sewer	15,000	Parking Enforcement	1,800
Gas	7,500	Miscellaneous	1,500
Subtotal Utilities	26,000	Income Taxes	300
		Property Insurance	1,700
Community Activities		Subtotal Other	5,300
	2,400		
General Operating Reserve			
	8,402		
Total Expenses/Reserve Allocations		198,682	