

Harry Hoch

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## **Budget and fee structure**

### **Budget**

The budget has been totaled. I have shared all the budget items over the past few days. Each item was explained and the people who provided the estimates and calculations were shared. The spreadsheets with the line items were included for anyone who wanted to reconcile the totals. Who put the numbers together and how they came up with the numbers have been shared and archived on the Community Website. I think I can say there is full transparency on the proposed CMF budget.

For those of you who have not totaled the budget items already the grand total is \$147,600.70 BZD.

### **Fees**

To come up with a base fee I am dividing the total budget by the number of privately owned lots. With my rough estimates there are about 176 privately owned lots. If every lot pays the same amount the fee will be \$838.64 BZD per year. The 176 lot total does not include the lots in the Developers unsold inventory. I spoke with Phil about these lots and discussed if he will pay full price or a discounted price or not contribute. He told me in no uncertain terms that he was not paying the CMF fee on the inventoried lots. He has been providing all the funding for 13 years. He could have initiated the fund at any point over the past 13 years and did not for one reason or another. All of us who own a lot signed a purchase agreement that states that we will be billed a maintenance fee. The contract does not say that Phil will also pay a fee on every lot in his inventory. I understand that some people feel he should pay the fee, but he told me he is not, so I have not included his lots in the calculation. I suggest we do not debate this fact among ourselves. We have plenty of other items to figure out. If you think Phil should pay take it to him, I am just putting the numbers together.

Base fee if everyone pays the same is \$838.64

### **Lot fee discounts**

Some people have expressed a desire to have unimproved lots discounted from the base price because if nobody lives on the lot, there is no extra expense to the community. The other side of the argument is the community has public spaces that need to be maintained. These spaces add value to all the lots so they should all pay the maintenance fee.

Others have expressed concern about the extra expense for individuals who own multiple lots but only live on one lot. They do not utilize the amenities any more than a single lot owner and they do not cause any more wear and tear on the facilities than a single lot owner. But on the other side of the argument, the roads and common areas were designed to service all the lots. If someone buys extra lots because they do not want a house on the lots adjoining them, then they are stopping the community from getting the fees intended to cover the maintenance of the amenities designed for all the lots. This individual is stopping the developer from building all the homes the community was designed for and increasing the fees for everyone else. The budget is fixed, so with every discount the cost increases the base fee.

### **Scenarios on base price with discounts**

If we wave the CMF fee for every lot that is undeveloped there would be roughly 40 lots paying the CMF. The base price would be \$3690.02 BZD. The definition of undeveloped could be anything without a building or any lot that has not had a single improvement. The amount of discount could be any number. I don't think we want to go down that rabbit hole.

Base fee if we wave the fee for unimproved lots \$3690.02 BZD

If we discount owners who have more than one lot, by 50% (of the original base fee) for all the lots they own beyond the first one, it could look like this:

There are roughly ten people who own 35 lots, and there are roughly 24 lots that would be discounted. If we discount 24 lots by 50% that takes \$10,063.68 out of the total revenue bringing the base lot price for everyone up to roughly \$485.53 BZD. For the purpose of this CMF at this point in time it would only increase our base lot price by about \$60.00 BZD to give the multiple lot owners a 50% discount from the original base fee. The multiple lot owners range from 2 to 9 lots each.

If everyone pays full price on all their lots the CMF fee would range from \$838.64 BZD to \$7,547.76 per owner. Is that fair if every lot owner gets one vote on this one-time CMF fee?

### Other Issues

- I suggest we focus this discussion on fees and leave the voting issues to the next discussion.
- I highly recommend that we discuss this on the Community Website forum instead of Signal.
- If the opinions are varied and there is no sign of consensus or even a majority, then I can put together a few options and we can survey the group.

\*The numbers used in the above scenarios are based on estimates I made after talking with other owners. The actual number of lot owners and inventoried lots have not yet been given to us.

\*The discounts are also rough and could be calculated several different ways. If someone would like to come up with discount scenarios at different percentages using proper calculations then go for it.

SHEET NAME	ANNUAL COST
GROUNDS MAINTENANCE	\$47,295.00
ROADSIDE MAINTENANCE	\$19,980.00
CG TREES	\$10,875.00
GROUNDS RESERVE	\$6,727.50
ROAD MAINTENANCE	\$10,000.95
ROAD RESERVE	\$12,500.00
RF&G INSURANCE	\$1,200.00
L3G ACCOUNTING	\$10,800.00
GARDEN COSTS	\$24,222.25
COMMUNITY GOVERNANCE DEVELOPMENT FUND	\$4,000.00
<b>TOTAL</b>	<b>\$147,600.70</b>