

2017 Budget & Assessment Summary

On 11/19/2016, your Orchard Villa Board approved the Association's 2017 budget. The total budget for 2017 is \$183,000. This is an increase of 2.52% from the 2016 budget of \$178,500. As a result, assessments for 2017 are as follows:

- ✓ Two bedroom units: \$191.71 per month or \$575.13 per quarter
- ✓ Three bedroom units: \$230.81 per month or \$692.43 per quarter

If your financial institution automatically pays your invoice, please see that the above changes are made.

The new budget breaks down as follows: \$123,000 is earmarked for Operations & Maintenance (O&M) and \$60,000 is to be set aside for our reserve fund. These two components of the budget are discussed in more detail below. We thank our homeowners for almost always paying their assessments on time. This keeps our routine operations running smoothly, provides us with the contingency funds that pay for any unexpected expenses, and ensures that our reserve fund will cover all planned capital improvements and large maintenance projects without the need for special assessments. In compliance with state law, we will continue to break out your assessment notices to show what portion of your payment goes toward funding the reserve.

2016 in Review

This year was notable for the completion of the following buildings and grounds improvements:

1. **Elastomeric coating:** we applied two coats of protective elastomeric coating to four more buildings on Alberta Court. As part of this process we also painted gates and door jambs, caulked the patio areas, and levelled uneven concrete. This effort will continue into 2017.
2. **Roof maintenance:** as a preventative measure against leaks we performed roof maintenance on 5 buildings. This consisted of replacing or caulking broken tiles, rearranging tiles that have shifted, replacing flashing as necessary, and caulking roof penetrations as necessary. This effort will continue into 2017.
3. **Pool repairs & improvements:** we repaired the pool cover, rebuilt the circulation pump, installed new LED security lights, installed additional security mesh around the door lock, and installed a new "night lock" to replace the bicycle lock that had been used.
4. **Fence replacement:** the fence between the Entrada development and Orchard Villa, and the "wing walls" around the RV lot were replaced with a long lived and very nice looking simulated stone Simtek product. This fence should have a life of at least 30 years. The costs of this project were shared between Entrada and Orchard Villa. The cost sharing saved Orchard Villa approximately \$40K.
5. **Grounds:** as part of a concerted effort to "shield" Orchard Villa from the 2 story Entrada buildings we planted over a dozen trees along the west and north perimeter of the existing Entrada development. This effort will continue into 2017.

2017 Operation and Maintenance (O&M) Budget Discussion

The 2017 O&M budget of \$123,000 represents an increase of \$1,000 from 2016. The O&M portion of the budget pays for the routine annual cost of operating and maintaining our common areas, buildings, and grounds. While many of our costs have stayed relatively unchanged from 2016, we are projecting

increases in sewer, dumpster, landscape improvements and the pool operator. We have also set aside monies for the installation of increased signage. Fortunately, we are looking at reduced costs on the landscape contract (which is about 25% of the total O&M budget) and a reduction in some of the contingency line items. As in past years, any surplus O&M monies at the end of the year will be rolled over into the reserve fund. It should also be noted that the solar pool heating system, installed in 2015, is working as planned, saving around \$1,000 per year in natural gas cost.

2017 Reserve Fund Budget

The reserve fund is a savings account that provides funding for capital improvements and large-scale maintenance projects that occur periodically, but not on an annual basis. The reserve is being funded as planned, meaning that we always maintain a minimum year's end balance of \$40,000, with \$10,000 set aside to cover our master insurance policy deductible. At the end of 2016/start of 2017, we project the reserve will have a balance of \$58,000. In 2017, we plan to collect and contribute \$60,000 to the reserve, while spending \$78,000 on building improvements. This will leave our reserve fund with a balance of \$40,000 at the end of next year.

In 2017, we plan to complete the following projects:

1. **Elastomeric Coating:** application of two coats to the final 5 buildings. This project includes remediation of settled concrete, caulking of patios, painting of gates and door jambs, and roof maintenance.
2. **Roof Maintenance:** completion of roof maintenance on 7 buildings that were not addressed in the 2016 or the 2017 elastomeric coating projects. This means that by the end of 2017, all buildings will have had roof maintenance performed in either 2016 or 2017.
3. **Pool Furniture:** we plan to purchase some nicer pool furniture to replace the existing plastic chairs. Note: this project is being funded out of the O&M budget.
4. **Pool backflush valve replacement:** this is a repair project to replace the deteriorating backflush valve. This is also being funded out of the O&M budget.
5. **Landscape Improvements:** we plan to plant more trees around the Entrada perimeter.
6. **Additional signage:** we plan to install additional speed limit signs and no parking signs. In particular, we are concerned that Entrada residents will attempt to park along our entrance at 400 North during busy times such as the jeep safari.
7. **Driveway Replacement:** we are considering replacing the concrete in one driveway due to excessive spalling. This project will be completed in 2017 only if we can squeeze it into the budget.

This will be the fourth year of major maintenance improvements to our buildings. We plan on finishing the elastomeric coating work next year with the pool building. Fortunately we have been able to do this without resorting to a special assessment. Through sound fiscal management we are not seeing any need for special assessments going forward. In 2018 we plan to focus our efforts on replacing fences.

Happy Holidays

December and January are typically the coldest months of the year. We ask that homeowners who are absent this winter have in place strategies to avoid frozen pipe ruptures, water damage to our buildings, and their own long-distance headaches. Wherever you are this holiday season, your Orchard Villa Board of Directors heartily wishes that you enjoy good health, happiness, peace, and love in the company of all those you cherish.

Sincerely,

Your Board of Trustees, Orchard Villa Homeowners Association

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