

HHA 2020 Budget



**Presentation for HHA residents during the December 2019 Annual
Budget Meeting**

Introduction



We all have the same goal - a nice, clean neighborhood for current residents and prospective residents.

- **Maintain common grounds – we have 20 acres of Open Space**
- **Provide needed services (groundskeeping and snow removal)**
- **Maintain common elements – roads, clubhouse, pool, tennis courts, etc**

Today's Presentation



Three reasons for this presentation:

- 1) To give you information so that we are as transparent as possible with any changes such as - increases in dues and changes in the budget**
- 2) To give you the opportunity to give us feedback on the budget & help us to better understand the resident perspective - good or bad**

Today's Presentation



3) To get you motivated to become involved, whether by running for the board or by reviving our committees, including the very important Finance Committee . Running for the board is a very effective way to influence and shape future budgets & projects. Please also consider joining the Finance Committee – they will have knowledge and oversight as far as our income, spending, and everything related to operating this neighborhood and completing projects.

2020 to 2028



Increasing funds for projects over the next 8 years

- In 2020, to increase funding for the Common Reserve Fund - we are increasing dues by \$5 per month – or 17 cents per day.
- We have a list of projects from our Reserve Study – primarily over the next 8 years – with the biggest projects being re-paving one or more of our private roads each year

2020 Dues



- **2020 Single Family Home Dues: \$110/month, \$1,320 annual**
- **2020 Townhouse Dues: \$135/month, \$1,620 annual**

Purpose



We do not want to raise dues without a purpose

The purpose of raising dues will be to set them at the required level to fund operations, current projects, and long-term projects. As well as maintain enough funds to accommodate emergencies and the unexpected

Future Increases



HOA Management Company

The HOA board has been exploring the use of a Management Company to improve HOA service and operations. If a Management Company is hired, there will be a \$5 to \$10 per month dues increase

The Townhouse Reserve Fund is underfunded

Townhouses only - Anticipate \$5-\$10/month increase in January 2021

Common Increases



2020 Reserve Study Update and Pool Contract

- The HOA reserve study will be updated in Fall 2020 and may indicate that an increased budget toward the reserve fund is required
- The 3 year pool management contract ends in 2020 and future pool contracts may increase the annual pool management cost

Townhouse Increases



Primarily to fund walkway repairs and trash corral replacements

- Very small reserve fund at present time and townhouses are right on budget for operating expenses with an insufficient reserve contribution (currently projected to be \$700 in 2020)
- Anticipate annual \$5 to \$10/month increase beyond common dues increases for next 3 years beginning in 2021

Townhouse Increases



End of Dumpster Contract

- The 3 year dumpster contract expires in November 2020 and future dumpster contracts may cost more

Waiting for 2028



All of our major projects, primarily resurfacing our private roads, could be completed by 2028 if we maintain appropriate funding for road repaving and maintain adequate reserves to fund our current and long-term projects.

After that time, dues and reserves will see a predictable increase strictly along the lines of inflation/cost of living, barring the unexpected.

Reserve Study for Hedgerow

**Maintaining the Physical and Financial Health of Hedgerow
Homeowners Association, Inc. by Reserving for the Future**



Why Reserve



Protects your investment

Preserves the appearance of the community

Reduces cost of maintenance

Fulfills fiduciary responsibilities

Consistent plan

Compliance with laws and accounting requirements

Peace of mind

Our Reserve Study



Physical Analysis

- On Site Inspection - September 12, 2017
- Quantification and Qualification of Reserve Components
- Cost and Life Analysis

Financial Analysis

- Cash Status of Reserve Fund
- 2.5% inflation, 1.2% interest
- Reserve Funding Projections

Report Issued - October 10, 2017

Summary of

Results COMMON

Overview



**~\$60,000 actual Reserves as
of October 31, 2019**

**\$20,000 anticipated transfer from
Operating Budget in January =
\$80,000 reserve**

**We'll review the reserve contingency
fund contribution in January 2020**

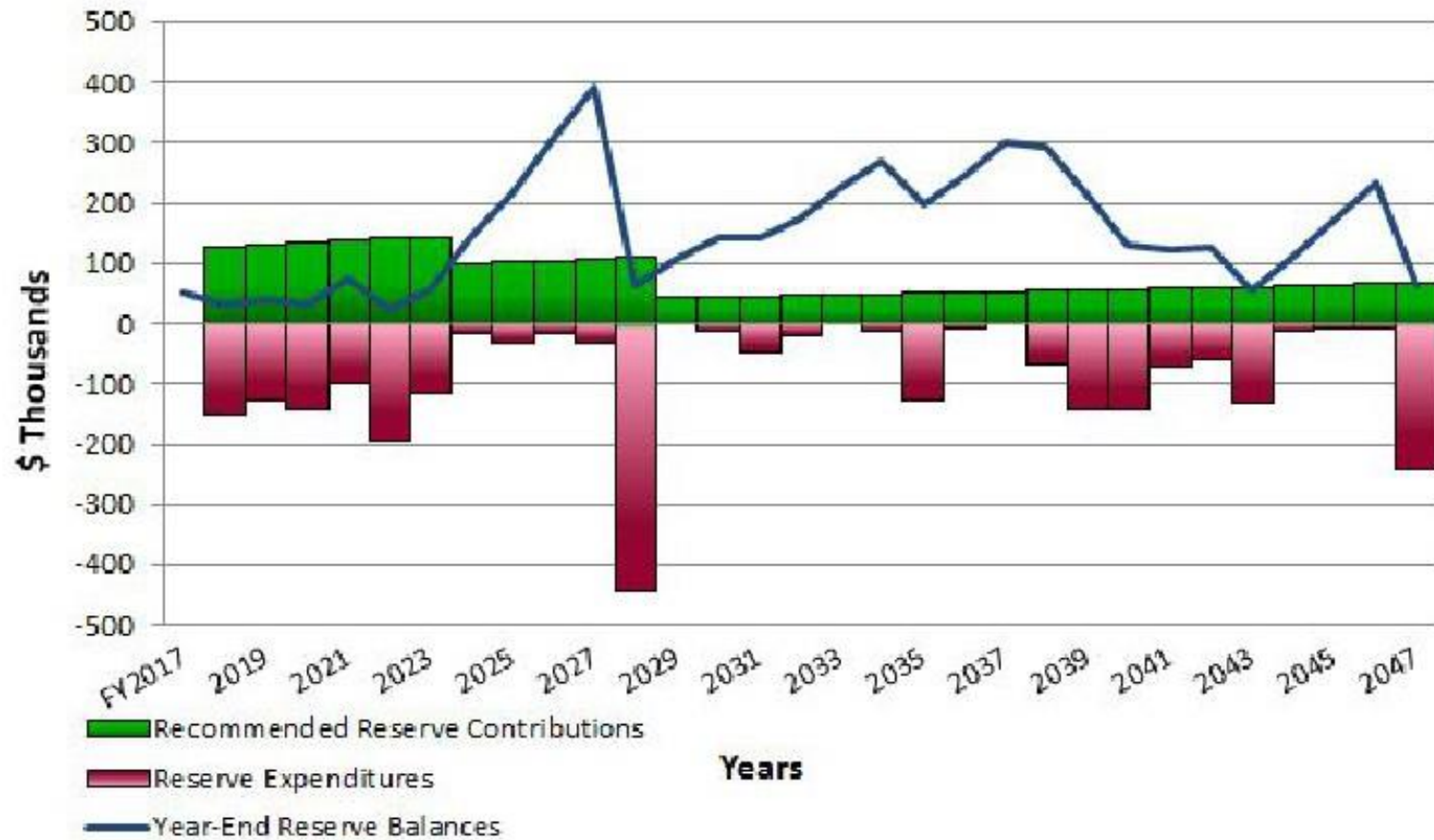
**We also have a ~\$12,000 CD that
will mature in October 2020.**

Common Budget

2020



Category	2020 Amount
Admin	\$500
Donations	\$300
Insurance	\$7,200
Landscaping	\$25,000
Reserve Fund Contingency	\$25,000
Pool	\$25,000
Bookkeeper	\$3,600
Lawyer/Reserve Study	\$2,800
Tax Acct	\$1,000
Cleaner	\$1,050
Trees Fences Common Ground	\$12,500
PECO (Common)	\$2,200
Snow	\$12,500
Social	\$500
Street	\$3,000
Tax (Common)	\$3,500
Phone	\$1,750
Water	\$3500
Loan	\$8,230
Reserve Fund Contribution	\$86,590
Total	\$225,720



Bar chart depicting expenditures and reserve funds throughout 30-year study period

Waiting for 2028

Target Funding Achieved



Following the expected completion of the road paving projects in 2028, Required reserved funding returns to a conservative annual amount, adjusted for inflation

2029 reserve funding level becomes:

\$22 per homeowner, per month

Long-term projects are covered by funds:

2043 due to subsequent repaving

2047 due to subsequent replacement of the tennis & basketball court

Summary of Results TOWNHOME

Overview



**\$4,422 actual Reserves as of
October 31, 2019**

**\$700 added but ~\$2,000 will be
withdrawn for 2019 projects
In January 2020**

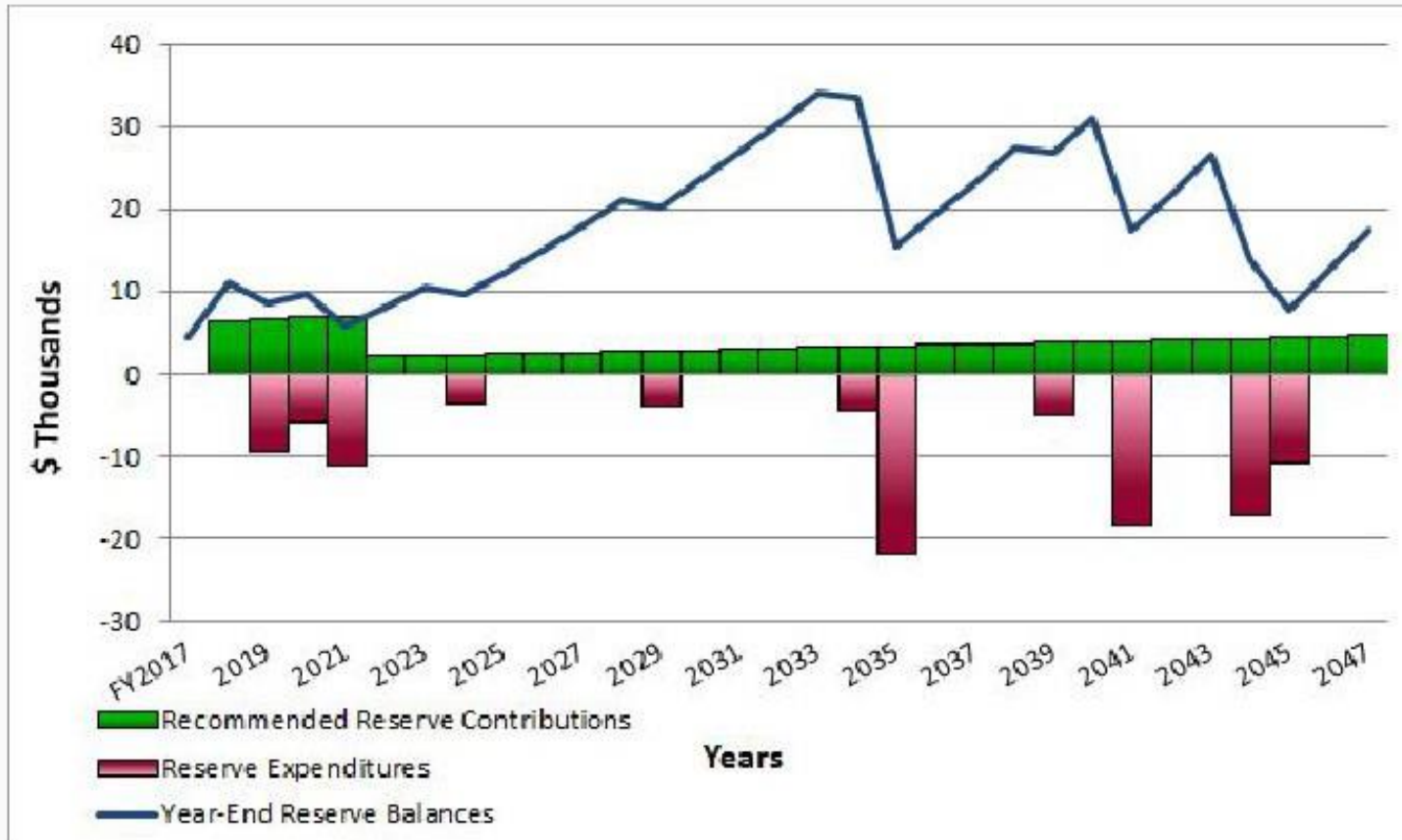
**~\$3,000 projected Reserves
As of January 31, 2020**

TOWNHOME Budget

2020



Category	2019 Amount
Tax (Townhouses)	\$900
Trash (Townhouses)	\$7,000
PECO (Lights)	\$1,300
Reserve Fund Contribution	\$700
Total	\$9,900



Bar chart depicting expenditures and reserve funds throughout 30-year study period

Significant Expenditures - First 5 Years



Upcoming Expenditures



Repaving of the streets and parking areas



Replacement of the plaster and tile finishes at the pool – in progress



Replacement of the roof at the clubhouse

Replacement of the fixtures at the clubhouse rest rooms



Townhome Trash Corral Fences



Townhome Mail Stations

Moving forward



- **Established formal reserve policy - complete**
- **Revisit investment strategy**
- **Discuss incorporating financing – not required**
- **Document and record actual expenses - complete**
- **Regularly update plan – next update scheduled for Fall 2020**
- **Talk to contractors and trade organizations to help plan future projects**
- **Form committees to oversee reserve plan and large capital projects – we formed Street Paving and Landscape Committees in 2019**

2020 Major Projects - Completed



- Initial pool repairs and tile/coping replacement @ \$33,967.50
- Pave Cambridge CT @ \$38,322.50
- Clubhouse – repair subfloor and replace flooring @ \$8,945
- Clubhouse – replace sliding doors @ \$10,300
- Townhouses – 2 retaining wall replacements – in progress @ ~\$2,500

2021 Major Projects



- Remove and replace pool plaster @ \$20,000
- Replace clubhouse bathroom fixtures @ \$5,000
- Replace clubhouse roof @ \$6,000
- Pave road TBD @ \$45,000
- Stormwater and open space management @ \$30,000

2022 Major Projects



- Catch basins
- Pool deck repair
- Replace pool covers
- Pave street TBD

Loan Matures in June 2020



- \$8,500 extra to reserves in 2020
- \$17,000 extra to reserves in years that follow

Following this Plan



- The best way to have the plan followed is by reintroducing the Finance Committee
- They can hold the board accountable
- They would also persist beyond changes in the board
- We are also considering the use of a Management Company which would provide these benefits in their services