



*The Mission of the Community Council is to facilitate a connected and welcoming community that instills pride and a sense of belonging in each DC Ranch resident. The Council's work includes visioning and facilitating initiatives that enhance residents' quality of life, serve collective interests and promote the DC Ranch brand. These benefits make DC Ranch a very special place to live.*

**BOARD MEETING –Budget Workshop**

Via

Zoom: <https://us02web.zoom.us/j/82478867344>

October 22, 2020

4:30 p.m.

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**AGENDA**

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- I. Welcome
- II. Presentation of Proposed 2021 Community Council Operating Fund Budget
- III. Reserve Projects Update
- IV. Board of Directors Discussion
- V. Resident Questions/Comments
- VI. Adjournment

**COMMUNITY VALUES**

- Sense of Community
- Healthy Lifestyles
- Artistic and Cultural Opportunities
- Diversity and Inclusiveness
- Lifelong Learning
- Family
- Environmental Stewardship
- Relationship with the Larger Community



# DC Ranch Community Council

**To:** DC Ranch Community Council Board of Directors  
**From:** Jenna Kohl, Executive Director  
Dee Nortman, Director of Financial Operations  
**CC:** Jona Davis, Beth Overton  
**Date:** 10/16/2020  
**Subject:** *2021 Operating Budget Proposal*

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## **Overview**

The DC Ranch Community Council team is pleased to present a budget that continues to fund quality programs and services for our community without an increase in assessments. The budget as proposed is balanced at \$4,412,661.

The budget is crafted around several factors, including Board direction, core services, prior years' experience, strategic plans, resident input, DCR2020, staff initiatives, and Reserve requirements.

The focus for 2021 is innovation in times of change due to the pandemic and other factors; quality over quantity; and reevaluating and reinventing how we provide services and programs that consider our current environment as well as resident needs and interests. There are very few additional programs (funding and resources are just not available); rather, we are dedicating funds to reimagine and improve existing and popular programs. Below are highlights of the proposed 2021 Operating Budget; more detail will be provided at the Oct. 22 budget workshop.

## **Revenues**

Overall, revenues are projected to increase 6% (2020 budget to 2021 budget).

- *Assessments:* We propose to keep the assessment (\$52 per month per unit) the same as 2020.
- *Benefit Fees:* Benefit fees remain at \$1.5 million, consistent with 2018, 2019 and 2020. This reflects the Board's directive to keep the benefit fee budget flat, so we do not become too reliant on a variable income source for operating expenses, and to build funds for large capital projects.
- *Management Fee:* Due to changes in the management fee calculations and in anticipation of Covenant Commission's ability to pay their share of expenses, we anticipate full recapture of management fees at \$263,520, a net increase of \$151,000 over the prior year.

- *Facility Rental:* We are projecting a 70% decrease in facility rental revenues, from approx. \$56,000 to \$17,000, due to the uncertainty surrounding our ability to allow larger rentals; if public health guidelines relating to the pandemic allow us to open our rental program earlier in 2021, those rental revenues will likely increase over budget. Additionally, as our community garden lease expires in 2021, we are not budgeting any revenue for a sublease of the garden.
- *Interest:* Due to low interest rates, interest is budgeted at an 83% reduction.

## **Expenses**

**Administrative** costs increased 12% over 2020, largely due to personnel costs, office lease, and telephones, increases that will be, in part, reimbursed through the management fee. The **community engagement** budget decreased slightly (1%), with no major changes anticipated in 2021. The **communications** budget increased 5% over 2020 budget, due to personnel costs and moving \$4,000 for adobe licensing into this category from administration. **Events, clubs and classes** increased slightly, by 2%. **Arts and Education** costs remain the same. **Charitable event** expenses, which are designed to be fully offset by revenues, are increasing 16%. The **Path and Trail/Market Street Park/Community Garden** category is projected to increase 45%, from \$28,155 to \$40,819. Combined, the **community centers** are budgeted at a 2.8% increase: Desert Camp Community Center is at a 4.8% increase, and The Homestead at an 8.9% decrease.

Expenses will be covered in more detail at the meeting; highlights include:

- *Personnel:* Council is a service-oriented organization and therefore this is one of our largest budget categories. In 2020, Council hired an employee that is outsourced to the Covenant Commission, with recoupment of that salary through the management fee. We are proposing one new position that will be responsible for purchasing, contracts management, and technology coordination; this position will at least partially pay for itself by finding efficiencies through the state purchasing contract program.
- *Ranch Office Lease:* Costs increase 5%, which reflects an increase in the lease rate but an anticipated reduction in CAM charges due to the pandemic; this is a shared cost through the management fee.
- *Capital Fund Transfer:* The contribution to the Capital Fund decreased from \$42,000 in 2020 to \$24,000 in 2021; no new capital projects are planned.
- *Reserve Fund Transfer:* The contribution to the Reserve Fund decreased by 1.7% compared to 2020. This transfer amount should increase 5% each year (a major driver of assessment increases) to maintain funding levels; however, we made a significant contribution in September 2020 which mitigated our need to increase 5% in 2021.
- *Communications Services:* A new texting service for resident communication, expansion to the program guides and funding for enhanced digital signage at the centers are increases.
- *Charitable Events* (Dinner in the Desert and Tour de Scottsdale): We were unable to host these events as usual in 2020 due to the pandemic. They are budgeted again for 2021, with an increase of \$12,500 for the dinner, \$5,000 of which is a donation to the event's charity beneficiary, and \$18,000 for traffic control for the Tour. These are revenue neutral programs.
- *Signature Events:* The cost to produce Eggstravaganza, Spooky Carnival and DC Ranch Day increased in 2020 for food, décor, lighting and shade; the budget for these signature events plus PJs and Pancakes is proposed to remain the same in 2021.

- *Seasonal Decorations:* The funding for seasonal decorations is projected to increase, from \$64,500 in 2020 to \$66,775 in 2021. Repair and replacement of the major décor is covered in the Reserve Fund. These funds are for storage and sprucing up of the decorations.
- *Path and Trail Expenses:* Storm cleanup is increasing, from \$1,250 to \$11,250 and path and trail maintenance is increasing from \$8,400 to \$11,400. The storm cleanup includes money for an outside vendor to evaluate the landscape and trail (non-paved) surface areas for erosion and overgrowth. Trail maintenance increased 3% for additional operating expenses related to the newly installed wayfinding system.
- *Desert Camp Community Center:* Part time front desk reception hours have increased to accommodate a hybrid of additional lobby hours and key fob access to allow residents greater access to the facility while maintaining COVID protocols. Civic Rec and Facility Dude are two innovative software packages for the organization; Civic Rec is a new member management and scheduling software system and Facility Dude is a cloud-based work order and preventative maintenance program.

### **Summary and Next Steps**

Staff will give an overview of the operating budget proposal as well as planned reserve fund projects at the budget workshop on 10/22. After the meeting, staff will modify the budget proposal per Board direction. The final budget will be before you for vote on November 5.

### **Attachments**

- 2021 Proposed Operating Budget Spreadsheets



**DC RANCH COMMUNITY COUNCIL  
PROPOSED 2021 OPERATING BUDGET**

*Presented 10/22/2020*

| <b>COMMUNITY COUNCIL OPERATING FUND</b>                      | <b>2021</b>      | <b>2020</b>      | <b>2020</b>      | <b>21 Budget</b>   |
|--|------------------|------------------|------------------|--------------------|
| <b>DESCRIPTION</b>   | <b>BUDGET</b>    | <b>Projected</b> | <b>BUDGET</b>    | <b>v 20 Budget</b> |
| <b>Revenue</b>   |                  |                  |                  |                    |
| Community Council Assessments                                | 1,654,224        | 1,648,141        | 1,645,307        | 8,917              |
| Commercial Assessments                                       | 605,280          | 605,280          | 605,280          | 0                  |
| Builder & Developer Assessments                              | 43,056           | 31,200           | 31,824           | 11,232             |
| Community Council Benefit Fee                                | 1,500,000        | 2,371,399        | 1,500,000        | 0                  |
| Events & Programming   | 307,909          | 40,517           | 284,949          | 22,960             |
| Management Fee Income  | 263,520          | 127,200          | -                | 263,520            |
| Facility Rental  | 15,000           | 10,438           | 43,200           | (28,200)           |
| Community Garden Revenue                                     | 0                | 10,560           | 10,560           | (10,560)           |
| Interest   | 4,192            | 8,164            | 24,696           | (20,504)           |
| Advertising  | 7,080            | 6,840            | 7,080            | 0                  |
| Other Revenue  | 12,400           | 14,337           | 10,100           | 2,300              |
| <b>Total Revenue</b>   | <b>4,412,661</b> | <b>4,874,076</b> | <b>4,162,996</b> | <b>249,665</b>     |
| <b>Expense</b>   |                  |                  |                  |                    |
| Administrative (personnel and HR expenses)                   | 1,017,929        | 877,388          | 861,605          | 156,324            |
| Legal/Audit/Professional Fees                                | 40,050           | 32,679           | 40,450           | (400)              |
| Special Projects   | 12,350           | 5,411            | 13,194           | (844)              |
| Operational Expenses (Office Equip, Supplies, IT, Telephone) | 374,996          | 370,006          | 374,228          | 768                |
| Permits/License/Taxes  | 0                | 0                | 112              | (112)              |
| Bank Charges   | 2,400            | 1,793            | 2,400            | 0                  |
| <b>Total Administrative Expense</b>                          | <b>1,447,725</b> | <b>1,287,277</b> | <b>1,291,989</b> | <b>155,736</b>     |
| New Residents and Community Building                         | 47,210           | 26,258           | 47,700           | (490)              |
| Communications (personnel, PR, brand, Ranch News)            | 499,332          | 461,490          | 475,000          | 24,332             |
| Community Event & Programs (personnel, food, supplies etc.)  | 614,235          | 508,693          | 595,685          | 18,550             |
| Recreation Programming                                       | 78,090           | 55,901           | 82,175           | (4,085)            |
| Charitable Events  | 219,600          | 12,617           | 189,100          | 30,500             |
| Arts and Education   | 64,725           | 23,890           | 64,725           | 0                  |
| <b>Total Communications, Engagement, Events, Programs</b>    | <b>1,523,192</b> | <b>1,088,849</b> | <b>1,454,385</b> | <b>68,807</b>      |
| Desert Camp Cost Center                                      | 900,668          | 803,237          | 859,782          | 40,886             |
| The Homestead Cost Center                                    | 133,397          | 119,911          | 146,475          | (13,078)           |
| <b>Total Community Center Expenses</b>                       | <b>1,034,065</b> | <b>923,148</b>   | <b>1,006,257</b> | <b>27,808</b>      |
| Market Street Park / Paths and Trails                        | 40,819           | 23,826           | 28,155           | 12,664             |
| Seasonal Decorations   | 66,775           | 66,547           | 64,500           | 2,275              |
| General Reserve Contribution                                 | 244,236          | 248,400          | 248,400          | (4,164)            |
| Capital Fund Contribution                                    | 24,000           | 42,000           | 42,000           | (18,000)           |
| Management Fee   | 0                | 15,300           | 3,576            | (3,576)            |
| Taxes, Interest & Insurance                                  | 31,849           | 24,601           | 23,734           | 8,115              |
| <b>Total Other Expenses</b>                                  | <b>407,679</b>   | <b>420,674</b>   | <b>410,365</b>   | <b>(2,686)</b>     |
| <b>TOTAL EXPENSES</b>  | <b>4,412,661</b> | <b>3,719,948</b> | <b>4,162,996</b> | <b>249,665</b>     |
| <b>TOTAL REVENUE</b>   | <b>4,412,661</b> | <b>4,874,076</b> | <b>4,162,996</b> | <b>249,665</b>     |
| <b>NET SURPLUS/DEFICIT*</b>                                  | <b>-</b>         | <b>1,154,128</b> | <b>-</b>         | <b>-</b>           |

*\*Note: Transfers were authorized by the Board of Directors in September from the Operating Fund to the Reserve Fund (\$200,000) and Capital Fund (\$345,600). Additional transfers will be considered, depending on the amount of estimated surplus at year-end.*

## 2020/21 Capital Budget Projects In Progress

| Location | Project  | Estimated/Approved | Expenses   | Remaining |
|----------|--|--------------------|------------|-----------|
| DC & TH  | Security improvements (regulatory signs, access readers, cameras)        | \$ 20,000          | \$ 6,142   | \$ 13,858 |
| P & T    | Route Maps, Crosswalks (Painting), Signage - directional and regulatory  | \$ 20,000          | \$ 9,750   | \$ 10,250 |
| DC       | Pickleball Fence Court #2  | \$ 15,000          | \$ -       | \$ 15,000 |
| DC       | Pickleball Court Area Shade Structures (large multiuse or 2 court areas) | \$ 15,000          | \$ -       | \$ 15,000 |
| TH       | Staff Lobby / Door   | \$ 10,000          | \$ -       | \$ 10,000 |
| Admin    | Space Needs Analysis   | \$ 12,500          | \$ -       | \$ 12,500 |
| Admin    | Master Plan  | \$ 5,000           | \$ -       | \$ 5,000  |
| Admin    | Ranch Office Move / Office Relocation*                                   | \$ 89,003          | \$ 86,503  | \$ 2,500  |
|          |  | \$ 186,503         | \$ 102,395 | \$ 84,108 |

\* Amount will accrue as project is completed



# 2021 Community Council Reserve List

**Summary:**

Total 2021 reserve expenditures = \$386,640

Total budgeted expenditures = \$189,760

Total defer expenditures = \$196,880

*\*The Homestead \$166,464 - recommend hold until Space Needs and MP complete*

*\*Community Garden \$12,311 - recommend hold until further decision on garden lease*

**Location:**

DC - Desert Camp

TH - The Homestead

P & T- Path and Trail

MSP - Market Street Park

CG - Community Garden

| Description                                       | Location | Status   | Budget     |
|---|----------|----------|------------|
| Concrete Curbing - D                              | DC       | Budgeted | \$ 2,550   |
| Concrete Curbing - TH                             | TH       | Budgeted | \$ 2,550   |
| Concrete Paths - P                                | P&T      | Budgeted | \$ 15,300  |
| Concrete Patio & Paths - D                        | DC       | Budgeted | \$ 15,300  |
| Cushioned Tot Maint - DC                          | DC       | Budgeted | \$ 3,060   |
| Drinking Fountains Replacement - M                | MSP      | Budgeted | \$ 1,193   |
| Irrigation Lines Replacement - H                  | TH       | Budgeted | \$ 14,484  |
| Lighting Repairs/Replacement - P                  | P&T      | Budgeted | \$ 4,080   |
| Lobby Flooring Replacement - H                    | TH       | Budgeted | \$ 10,200  |
| Monument Tree Replacement - D                     | DC       | Budgeted | \$ 7,140   |
| Pool Filter Replacement - D                       | DC       | Budgeted | \$ 2,754   |
| Pool Heaters Replacement - D                      | DC       | Budgeted | \$ 7,140   |
| Pool Tarp Covers - D                              | DC       | Budgeted | \$ 6,936   |
| Shade Screen Replacement Tennis Courts - D        | DC       | Budgeted | \$ 1,326   |
| Shade Structure Paint - H                         | TH       | Budgeted | \$ 8,160   |
| Sod Replacement - D                               | DC       | Budgeted | \$ 44,880  |
| Sod Replacement - MSP                             | MSP      | Budgeted | \$ 11,016  |
| Sod Replacement - TH                              | TH       | Budgeted | \$ 12,240  |
| South Pool & Patio Furniture Sling Replacement DC | DC       | Budgeted | \$ 5,100   |
| Windows and Doors Refinish - D                    | DC       | Budgeted | \$ 7,140   |
| Windows and Doors Refinish - H                    | TH       | Budgeted | \$ 7,211   |
|   |          |          | \$ 189,760 |

|  |    |       |            |
|--|----|-------|------------|
| Basketball Backboard E Replacement - D       | DC | Defer | \$ 3,825   |
| Basketball Backboard S Replacement - H       | TH | Defer | \$ 3,825   |
| Basketball Backboard W Replacement - D       | DC | Defer | \$ 3,825   |
| Concrete Planter Bed Curbing Replacement - C | CG | Defer | \$ 5,100   |
| Exterior Painting - Shed & Trellis - C       | CG | Defer | \$ 2,550   |
| Furniture Phased Replacement - C             | CG | Defer | \$ 4,661   |
| Full Court Basketball Area Furniture - DC    | DC | Defer | \$ 1,938   |
| Grand Hall Chairs - H                        | TH | Defer | \$ 71,400  |
| Ice Maker Replacement - H                    | TH | Defer | \$ 2,040   |
| Interior Lighting & Fan Replacement - H      | TH | Defer | \$ 10,404  |
| Interior Refurbishment - H                   | TH | Defer | \$ 21,420  |
| Party Trailer Replacement - D                | DC | Defer | \$ 4,692   |
| Restrooms Remodeling - H                     | TH | Defer | \$ 61,200  |
|  |    |       | \$ 196,880 |