

**APPLE CANYON LAKE PROPERTY OWNERS' ASSOCIATION  
BUDGET COMMITTEE MEETING  
SEPTEMBER 19, 2009**

**APPROVED**

**1.0 Call to Order:** The Budget Committee was called to order by Chair Ron Carpenter at 10:20 a.m. September 19, 2009, at the Apple Canyon Lake Clubhouse. Committee members present were Ron Carpenter, Ty Cocagne, John Finn, Marge Smith, Joe Foreman and Ed Ryan. Tom Brennan was absent.

Others in attendance were: Senior Staff Cal Bahr, Tim O'Connor, Jim Richardson, Jay Upmann, Cindy Carton, Mary Feltmeyer, General Manager Paula Lange; Board Members: Bob Ballenger, Josh Cocagne, Chuck Larson, Ken Pickel, Deb McNamee, Jim Rhodes, Bob Stanger.

**2.0 Approve July 18, 2009 Minutes:** John Finn moved, Ty Cocagne seconded, to "Accept the July 18, 2009 Minutes as presented." The motion carried unanimously.

**3.0 2010 Budget**

The Revised 2010 Operating Budget, the R&R 2010 Expenses and the 2010 Proposed Fee Schedule were distributed. General Manager Paula Lange stated that this budget is very similar to last year's tight budget. Actual YTD dollars of 8-31-09 were included. The committee's stance was not to raise fees except those out of Association control. Explanations for revenue, fees, and R&R discussions are listed.

**Fee Schedule**

It was noted that there were no differences in golf carts fees that uses the trail system vs. golf carts that do not. ATVs, Gators, etc. are a higher fee than golf carts. Questions arose about usages of these recreational vehicles and what impact they have to the trails.

2010 fees remained the same as last year except for those noted:

The Corporate Annual Golfing Fee increased from \$1200 to \$1600. Jay Upmann explained the corporate fee and estimated the increase should cover Association costs of cart leasing and should help build revenue. Fees from other golf course were used to estimate a fair price.

Aqua Class and Resist-a-Ball fees were increased from \$22.50/\$27 (10 classes) to \$35 due to the increase in the cost of the instructor. Her costs increased, therefore our costs increased.

**Revenue Accounts**

The name "Lot Transfer Fee" was changed to read "Property Transfer Fee" for clarification of the condos.

- 3135 Lease Rental Revenue – decreased from the 2009 budget due to the Cove lease.
- 3150 ACL Boat Slips/Campsites and 3170 Registration Fees – There is a net increase due to additional slips available for assignment.

## Revenue Accounts (continued):

- 3199 Credit Card Convenience Fee – This line item is less than 2009 budgeted based on actual 2009 credit card usage.
- 3205 Advertising Income –Slight increased over 2009.
- 3230 Social Recreation Income – GM Lange requested \$2K be added to income and offset in expenses by 2K because the campground is planning a fundraiser.
- 3300 Building Permits & Septic Programs – There are approximately 40 roofs that received hail damage. 2009 permits were mainly for garages, decks, etc. this year.
- 3535 Daily Rentals-Boats & Dock – This was down possibly due to increased subleased dock slips and the weather.
- 3600 Golf Fees – 2010 Budget includes revenue from advertising-golf score cards and Corporate Season Passes. This revenue was not in 2009 Budget.
- 3670 Marina Concessions Income – This number was less than last year due to lower gas prices compared to last year.
- 3680 Land & Lake Income – This is for soil sales. Due to the rains, soil has not been stockpiled

## Expenses

- 5000 & 5025 Department Wages – Reflects a Wage freeze.
  - Marina wages need to increase; some of Jay Upmann's time will be moved from the Marina to the Golf Course for additional marketing responsibilities.
  - Two full-time maintenance positions were forecast and GM Lange explained the need:
    - Employee stress,
    - Work load/short staff.
    - Manpower has gone from 12 FTE to 6.
    - Property owners have felt the cutbacks such as at the golf course or at the trails which need attention.
    - Maintenance is also responsible for the maintenance at the Cove.
    - Equipment has broken
    - Fears that someone is going to get hurt or frustration leading to resignations.
- 5050 Payroll Tax – This was adjusted due to increases.
- 5060 Contract Labor – Anticipated contract labor will be needed for lake projects.
- 5125 Employee Fringes – This was increased 14 percent due to healthcare costs for 12-13 eligible employees.
- 5175 Conference Training – An increase was due to Crystal training
- 5460 Rental Equipment – This decreased significantly from 2009. Rental equipment includes: Pitney Bowes (postage machine), copy machine maintenance. 2009 Budget included Credit Card machines which are now included with the new data base system.
- 5480 Accounting Services –Cost did not increase over 2009 Budget. Accounting Services include end of year audit and filing of tax.

- 5495 Social/Recreation Expenses – This increased by \$2,000 for the campground fundraiser
- 5525 Maintenance/Grounds – GM Lange requested more funds for the trail work, campground erosion problems and additional maintenance at the Fish House
- 5510 Maintenance/Equipment – This was increased due to the cost of lumber to fix the picnic tables and for the Cove.
- 5840 Lake Sediment Ponds – There was not as much work done this season as we would normally do due to weather and priorities. Independence Bay’s pond needs retrofitting, as does Hawthorne and Winchester and possibly at Winchester’s second pond. North Bay’s sediment ponds need to be ready in 2010; the dredge just cannot sit idle.
- 5600 Gas & Oil –Mary Feltmeyer stated the gallons of gas used to August 2009 and the budgeted estimate is closer to where it will be for 2010.
- 5685 Professional Services – This increased partly due to the cost of the maintenance program, high speed internet by satellite, hardware, MAS90 and other software.
- 5695 Legal Fees –Decreased due to completion of the Covenants filing.
- 5800 Utilities –Electricity, water and telephone are more expensive but propane went down by .50 cents a gallon. Cove Restaurant lessees are responsible for paying Cove utilities.
- 5815 Insurance –New maintenance vehicles were added to the policy along with additional coverage for loss of funds in case of embezzlement.
- 5991 Special Projects – This included items such as digital scanning, fish stocking, dam inspection, conservation consulting.

**Operating Budget Summary** Mary Feltmeyer summarized the final figures:

Total Revenue:	\$2,151,543
Direct & Indirect Expenses:	(\$2,043,371)
Excess Revenues:	<u>\$ 108,172</u>
Depreciation:	(\$ 264,813)
Net Income (Loss):	<u>(\$ 156,641)</u>
Less Asset Preservation:	<u>(\$ 15,000)</u>
Net Operating Loss	<u>(\$ 171,641)</u>

Ty Cocagne moved, John Finn seconded, to “Recommend the Operating Budget with gross revenue of \$2,151,543 and gross expenses of \$2,043,371 be presented to the next Board of Directors meeting.” The motion carried unanimously.

John Finn moved, Ty Cocagne seconded, to “Recommend to the Board of Directors to approve the 2010 Fee Schedule (Attached).” The motion carried unanimously.

**R&R 2010 Expenses**

GM Lange identified R&R Projects that were a “must do”.

Reserve Study The Reserve Study is outdated; many items have not been done. Funds for an upcoming Reserve Study were allocated.

Land & Lake

- Cost Share Stream Banks and Watershed both have the potential for receiving money from the state.
- Greenway Stabilization is for dry dam work.
- Repair Trail Crossing at North Bay was critical to do.
- Stabilization of side stream along W. Apple Canyon Road near North Bay was the third critical project from the Conservation Committee and consultants.
- Stabilization of Stream at Independence was the first critical need from Conservation and consultants.
- Stabilization of Stream at Presidents was the second critical project from Conservation and consultants.

### Building

- K&S Showroom was discussed. Discussion on this part of their contract will be forthcoming.
- HVAC-Clubhouse- The air conditioning system has been bandaged many times, this now becomes essential to do ASAP.

GM Lange discussed the Galena Territory rental fee of \$6,000 in dredge pipes per year, which would go against the Territory's dredge lease from ACL. This may be accrued as a payable dredging expense.

### Machinery & Equipment

- Replacing JD332 Mower was put on hold.
- 50 HP Tractor for Trails was deemed a must do but the budgeted amount was reduced. This 4 wheel drive request will replace a 2 wheel drive tractor.
- Pool Pump 190GPM was a must do.
- Saddle floats for Dredge Pipe is a must do; if ever lost, ACL would have to pay the Territory.

The committee reviewed the R&R items again. The following items were included in the 2010 R&R recommendation to the Board.

- Boat Slip Repairs and Replacements were requested by Tim O'Connor.
- Campground Roads had been discussed for years; and the Reserve Study suggested paving for 2005-06. Rather than letting the road go to disrepair it was suggested to cold patch areas. This was left in the budget at \$5K.
- The Campground Playground has deteriorated plastic pieces and the cost of replacements is not worth the money. It was budgeted for a new set and using the current swings with new seats.
- Some of the designated improved Campsites could be turned into seasonal sites. The budgeted amount was kept.
- The budgeted amount for Golf Cart paths was reduced. This was to patch what is needed.
- The Clubhouse HVAC was added at \$5K.
- Pool Furniture will need board approval at the BOD meeting in October. Purchasing prior to end of year may save money.

### Cove

Requests by the Cove for operations are being discussed and the board will be kept informed of the plans.

Ty Cocagne moved, John Finn seconded, to “Recommend to the Board of Directors to approve the 2010 R&R budget totaling \$180,400.” The motion carried unanimously.

**13.0 Adjourn**

John Finn moved to adjourn at 1:35 p.m. Motion carried.

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Dottie Gricius

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Chair, Ron Carpenter

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Date

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General Manager Paula Lange