

Apple Canyon Lake Property Owners' Association
Board Budget Workshop
August 11, 2012

Attendees: Duane Suits, Marge Clark, Kevin Kavanaugh, Chuck Larsen, Debra McNamee and Erin Winter. Also attending: Paula Lange, General Manager, Megan Shamp, Dottie Gricius, Ron Beckel, Henry Doden, George Drogosz, Mike Harris, Brian Hartlep, and Tim Johnson.

Kevin Kavanaugh opened the workshop at 9:05 a.m. and asked everyone to stay on point since there was a significant amount of information to go over. The purpose of the workshop was for directors to be able to make intelligent decisions at the upcoming Board meeting.

I. Discussion on Security Access

Pool and Bathhouse - The Fee Schedule showed nothing for pool use in Daily Fees. At issue was the wording that every PO that paid the OARF fee would receive five guest passes and each guest pass allows six (6) individuals to use the amenities. Kevin asked if it is reasonable for that many people (30) to be allowed in the pool at no charge. GM Paula Lange put together pool usage from 2001 to 2012 which showed considerable usage for the smaller pool. This was open for discussion. Kevin began by stating his thoughts which was that each member that pays OARF would be given five passes to allow six people into the pool. He stated that high pool usage is more costly in terms of chlorine, lifeguards, etc. Due to the cost, there ought to be a limit to what a person is issued for no additional fee. He made it clear that the Association will not allow non-members to purchase passes. Deb agreed that OARF payers should be given 6 or 10 free passes and suggested that after that there should be a nominal fee for each extra guest. She was interested in limiting access. Marge Clark stated that OARF was designed to cover some of the costs but there should be some way to prevent one person from creating a point where with 30 unknown people could walk in. There is a bathing capacity of somewhere around 340 at the new pool. She believed that when a PO brings in guests, they should clearly be identified as guests - maybe by use of a guest pin-tag something to pin to a swimsuit so lifeguards can recognize the swimmer is attached to a PO. She fully supported restricting the numbers in fairness to other POs stating someone could have a reunion at the new pool with 30+ people and if multiple POs do that, the pool would hit capacity pretty quick. She supported a minimum of 6 – a maximum of 10 guests allowed and beyond that there would be a daily charge for each guest. Duane Suits was in favor of 6 guests per OARF paid which included the member; he recognized that this could be up to 18 going to the new pool for a three-owner lot. The Budget Committee voted to charge \$5 for any guests beyond the 6 per pass. He had a concern even about the beach because there could be 90 guests. He supports giving 6 passes per OARF paid which includes husband & wife. This would be only for the new pool. No other restriction to the beach or recycling center. Erin Winter and Chuck Larsen agreed with Duane.

R&R Trail Projects - Tim Johnson distributed packets and stated the Trails Committee had created a 5-year plan. He named some issues in the plan: 1) to make the trails safer at the Marina 2) re-route the trails in some spots for safety, 3) make the trails safer at the base of the dam and to widen the trails in places. He stated the work could last for multi-years. The Trails Committee wants to create a safety buffer between the trail and lake. Brian explained what would be done.

Some people going to boats tend to leave their carts on the trail so the Committee planned on widening that trail. Kevin suggested designating ATV/golf cart parking spaces or even adding special parking spaces next to where the squad car sits.

Two other trail areas reviewed were at Presidents Bay where the trail would be rerouted to eliminate a hard serpentine turn. Brian explained what would be done and stated that Chris Kirkpatrick marked the trees that will not be touched. Another area was at Liberty Bay where the trail is quite steep and again Brian explained the process. Kevin asked Tim and Brian to be ready for the upcoming Board meeting. He suggested looking at the trail speed warning signs such as used solar powered and moveable devices. Kevin suggested that the first-year program would be informational to slow down if need be. The second-year program could include a camera attachment so violators could be sent notices. The third-year program would be about fines. Deb suggested Security clock certain places on Saturdays and Sundays because traffic appears greater. Duane also suggested that on the west side, side trails run into the main trail and are dangerous spots. When the research comes in, Rules & Regs will have to determine appropriate speeds and begin thinking about fines.

Nixon Beach - Three companies came out to survey the ACLPOA properties. The purpose at the beach is to not have a person to control access but to have a programmed system with the hours open.

The Maintenance Building could be locked but workers could be given a fob for the entry key. Cold storage could have the same access.

Marge asked about the tennis courts which people are now using. This amenity is for members only and if there are conflicts with more tennis players, a system for reservations or timed use would be needed.

II. R&R Pump House - Problems with the pump house were explained; there is not enough pressure to keep the watering system on the fairways going 100%. At times Maintenance has had to call in workers for overtime to switch over to manual for the fairways. Also, the building had been flooded so it is in disrepair. Brian explained where a new pump house would go and the technical information. Brian answered question such as placing the house higher. Kevin clarified that this has nothing to do with the sprinklers; the cost is just for a new pump house in a different location. Duane explained that for 2013 there is \$135K in R&R just for the pump house. Irrigation is listed in the 2014 budget. Paula stated she would like to fix the pump house situation this year using the Asset Preservation money and present that to the Board.

III. Guest Passes - Marge stated that Rules & Regs are contradictory right now because they state issuing 5 passes, with 6 people as guests on a pass. She pointed out that the first line states that every guest must have a pass. Rules & Regs has to address this and she explained the committee's intent was to issue amenity tags for 6 or 10 guests and whenever a PO or guests used an amenity; the person wears the tag to show having the privilege to be at the amenity. It was recommended that last year someone study this. The tag number would correspond to a specific lot. Kevin asked if it is pragmatic to wear something all the time and reiterated that when

someone comes here, they pick up their access card and 6 amenity pin-tags and then pool users would have the pin attached to their swim suits. Deb stated that lifeguards were not needed at Nixon Beach but somebody is needs to monitor the area just like at the pool. Marge expressed that amenity cards could be issued along with amenity pin-tags. The Board is going to have to decide – do we give each PO 10 or 6. Kevin added that a person is not needed with an access system. Solving the issues at Nixon Beach will probably take a couple of years. Then there will be a serious issue in terms of dollars but that will not stop someone from throwing beer cans all over. This is an educational process that will not happen overnight. Kevin stated we do have a problem with unauthorized people coming to the lake to hang out and he stated he was in favor of using manpower until a process is figured out. He asked to get someone who knows what they are doing and get the point across and reinforce by website, *Apple Core*, and word-of-mouth communication. He shared that ACL may have a sheriff's patrol boat on the lake on weekends for a period of time. A cost would be associated with that. Kevin explained what the Board will have to do at the August 18 board meeting, i.e., a PO comes to the office to pick up access cards/pins/tags and the Board has to determine: how many tags, cost for extra tags, an access system, the resources, the training, and manpower for 2013. There should be an interior and exterior application. Paula stated the access reader at the pool could be at the main door to the pool building and at the access to the ramp. She stated that key-cards would be used to open the gate. There will be people at the pool that will be trained to look for unauthorized people and that cards could be deactivated. Marge stated that the owner would get one access card and guests would wear amenity-pins (or tags) for easy identification and that would work on the trails, the beach, tennis court which would help security. Kevin expressed that the simple solution is pin-tags, wear it at the beach and communicate the rules. This is the way for people that are entitled to use the amenities to do so, and people who are not entitled to be identified. If a tag is lost, the PO comes to the office and has to pay for a replacement. When Kevin asked how many tags should be free, Board members present were split evenly between 6 and 10 tags. There would be a small fee for more tags if a family needed more. Marge thought 10 tags were reasonable and 6 were restrictive. To keep a perspective, she wanted to see if the OARF fee covered the cost of the access system and tags. Kevin also asked what amount of extra daily/weekly tags for pool could be bought.

IV. Fire Station – Purchasing the Fire House was not discussed but ideas were shared such as using it for golf cart storage if it is purchased while the brown building across the street could store some boats.

V. Employee Medical Insurance – The budget proposal options offered were explained: Option 1 offered a 4.4% reduction from the current policy. Option 2 offered significant savings but it is different type of program. It is beneficial to both the Association and to healthy employees. Kevin asked the Board to read the packet and be ready for a decision at the board meeting.

A short break was called at 10:50 a.m. and the meeting reconvened at 11:12 a.m.

VIII. Review Recommended Operating Budget - Duane started with the Revenue side of the Operating Budget by looking at certain items such as Association Dues staying the same and then moved to the Expenditure side. Discussion centered on FTEs required for Maintenance and

Security and Paula clarified the needs such as a two more part-time people to Security beyond what was in the budget. Brian justified hires needed for Maintenance by explaining what hires would do to cover the shortage of manpower. Security's manpower needs were also explained. Kevin stated it would be helpful to outline specific hiring needs for the Board. Paula supported additional coverage for the trails and beach and Kevin asked her to write down what is needed for the Board meeting. Deb requested a list of what the current maintenance people are charged with and doing making sure they are fully deployed. Kevin was completely in favor of adding to Security consistent with some objectives like manpower on the lake and Marge discussed Maintenance's previous cuts and when there was a real burden. It may become necessary because of a State law to have a person available when the Marina is open to actually pump gas. There is only one person in the shop and the tanks take 15 minutes to fill a tank. So this may alter the factor in number of hires. She is getting some clarification because what she read states that someone has to be at the pump; it does not say pumping gas at the pump. Brian explained the budget needs adjustment for certification for two personnel for HVAC and to do certified burns. Paula indicated there is no money in the budget for amenity tags and that needs to be included. Duane explained that the Board could reallocate a portion of the contingency for revenue shortfalls to the contingency fund to provide more funds if the cost is greater than the remaining unused amount in the current contingency fund.

Deb left the meeting at 11:45 a.m.

With no other comments, Duane approximated the dollar amount of changes which were just discussed. He reminded everyone that the budget had to protect the \$1 million in Reserve funds and the Board has the discretion to transfer \$100K from the 2012 surplus into the R&R fund. That \$1 million is collateral for the construction and term loans and according to the loan's terms, the balance in the reserve account cannot drop below that amount. Revenue over Expenses showed a deficit of \$184K in the 2013 Budget without depreciation but we are anticipating a \$265k surplus at the end of 2012.

R&R - The final recommendation that the Budget Committee made was discussed. Important changes made were examined line-by-line. The Budget Committee made significant reductions or deferments for some items requested which greatly reduced the R&R expenses. For example, installing curbs at the Cove was deferred and the request to chip and seal at the campground was found in reality to be less than thought.

After the final R&R and overall numbers were given, the meeting ended at 12:36 p.m.

Respectfully submitted,
Dottie Gricius, Recording Secretary