

# Tarpon Cove Community Association

## 2017 Budget Workshop Part II

### Unapproved Minutes

Unapproved minutes from the 2017 Budget Workshop Part II, for the Tarpon Cove Community Association, held on Thursday, October 25<sup>th</sup>, 2016, at 9:00am, in the Tarpon Cove Community Center, Naples, Florida.

(2<sup>nd</sup> meeting held due to changes after our September 29<sup>th</sup> workshop)

#### **Quorum:**

Directors Present:     John Ardito                     President (by proxy)  
                                 Richard Ferrone             Treasurer  
                                 Perry DeSiato                 Director  
                                 Mike Shields                 Vice-President  
                                 Elaine Soucek                 Secretary

Also Present:             David Blouir of Towne Properties and one resident.

#### **Call To Order:**

A quorum being present, the meeting was called to order at 8:59am by VP Shields.

#### **Proof of Notice:**

Notice of meeting was posted in accordance with Florida state statutes.

#### **Budget Workshop:**

Vice-President Shields began by explaining that, due to feedback from residents and a recommendation from our legal counsel, Tree and Plant Replacements were added back into the landscaping budget for 2017.

After a discussion regarding our reserve funding, Treasurer Ferrone read a section from the TCCA Bylaws, explaining the Capital Contribution/Contingency line item, and its purpose. Creation of this line item was unanimously approved in 2015 by the TCCA BOD while drafting the 2016 budget.

*6.4 Reserves. The Board of Directors may establish in the budget one (1) or more reserve accounts for capital expenditures, deferred maintenance and contingency reserves for unanticipated expenses. These funds may be spent for any purpose approved by the Board. The purpose of reserves is to provide financial stability and to avoid the need for special assessments. The annual amounts proposed to be so reserved shall be shown in the annual budget.*

Vice President Shields noted that every action taken by this Board of Directors is aimed at doing the right thing for the community.

#### **Operating Expenses:**

##### **Utilities:**

- Electric: With the installation of energy efficient LED lighting at the front entrance and swimming pools, we were able to lower the budget line to \$41,000. (down \$3000 from 2016)
- Water/Sewer: Due to rate and usage increases, water/sewer was increased to \$7100. (up \$1800)
- Telephone: With new rates from CenturyLink at approximately \$250/mo for our 4 phone lines, plus \$70/mo for the office cell phone, the budget for 2017 was increased to \$5000. (up \$2400)

- Television/Cable: Our Cable contract with Comcast has a scheduled 3% increase in TV services, while internet remains locked at \$25.00/mo/unit, totaling \$63.22/mo/unit. With changes to other fees and taxes, the line item was only slightly increased to \$276,904. (up \$204.00)
- Irrigation Water: Based on 2016 YTD usage, this line item was lowered to \$23,500. (down \$700)
- Trash Removal: This line item remains at \$43,300, as there was no price increase indicated by Waste Management.

**Total Utilities- \$396,804.00 (up \$754 from 2016)**

#### **Maintenance:**

- Extermination: By changing vendors to Pest Control of Naples, we were able to maintain the same level of service, and add 180 rodent bait stations around the community, with only a \$1500 increase from 2016. Line item set to \$14,500. (up \$1500)
- Lake Expenses: Due to a rate increase of less than \$10/mo, the line item was increased to \$5000. (up \$100)
- Exotic Maintenance: We were able to lower this item to \$19,000, as initial cleanup of the preserves is complete and we are now just maintaining according to schedule. (down \$1000)
- Fountain Maintenance: With the addition of the aeration system at the Mainsail pond, and a \$6.00/mo rate increase, we were able to keep this line item at \$2000, due to less frequent service calls.
- Janitorial Contract: Pro Clean has stated that there will not be a rate increase for 2017, keeping the budget at \$13,000.
- General Maintenance: The Master Board has completed a large amount of maintenance across the community over this past year. With many areas recently updated or repaired, we were able to lower the budget to \$20,000. (down \$5000)
- Entry & Gate Maintenance: Although we've been hit hard with multiple damaging lightning strikes over the past 2 years, we are able to maintain the budget at \$5000, as our new vendor doesn't recommend we pay a monthly maintenance contract.

**Total Maintenance- \$78,500.00 (down \$4400)**

#### **Grounds Care:**

- Grounds Maintenance (contract): There is no change in our \$223,284.00 annual contract price, as our price is locked for 3 years with Leo Jr.
- Mulch: The committee has recommended sticking to our \$40,000 budget for mulch, based on estimates from Leo Jr. Director DeSiato has recommended that we obtain bids from other vendors for mulch and pine straw, before committing to current our current proposal.
- Tree/Shrub Injections: It was the landscape committee's recommendation to remove this line item from the budget, shifting its funds into the landscape contingency line item. Director DeSiato has recommended instead that we put the \$12,000 annual budget into a "deferred landscape maintenance" reserve, to reduce annual funding if treatment isn't required. This will also allow for those funds to be used on other landscape issues if necessary. (down \$12,000)
- Tree & Shrub Replacement: This line item was removed from the operating budget at the first budget workshop, held on September 29<sup>th</sup>, 2016. Due to feedback from owners, it was added back into the operating budget for 2017. This line item is set at \$30,000, as recommended by the landscape committee. (no change from 2016)
- Irrigation: This line item was reduced to \$10,000 to reflect recent expenditures in 2015 and 2016. (down \$1000)
- Hardwood Trimming: The landscape committee has recommended increasing this line item to \$35,000, due to the rapid growth of our trees, resulting in increased trimming costs. (up \$17,000)
- Palm Trimming: This category was increased to \$30,000 due to the increased frequency of required coconut and seed pod trimming. (up \$8,000)

- Landscape Contingency: The landscape committee recommended adding \$12,000 in tree injection funds into this category, bringing the recommended total to \$18,000. Director DeSiato has recommended that the \$12,000 be put into a reserve account (see above). With the shift in Tree and Plant Replacement responsibility, the board has elected to remove the landscape contingency all together. (down \$6000)
- Landscaping Improvements: This category was lowered to \$7500, as it now only includes common areas of the community. (down \$2500)

**Grounds Care Total- \$345,784.00 (down \$26,500)**

**Pool:**

- Pool Maintenance: The line item was increased to \$11,400. (up \$100)
- Pool Permits: Collier County has not indicated a change in permit fees. Line remains at \$1,625.
- Pool Repairs: Based on a 12 month history of this line item, and year to date usage of \$4972, we've opted to keep this line item at \$8,000.

**Total Pool- \$21,025.00 (up \$100.00)**

**Administrative Expense:**

- Legal: This budget was kept at \$1,000, as there are no planned expenses in the category.
- Division Filing Fees: This fee is not expected to increase above the planned \$100 in 2017.
- Office Expense: This line was increased to \$5000 based on current expenditures, but may be greatly reduced this next year with the implementation of electronic communications. (up \$200)
- Website Expense: This line item remains at \$1000 as there are no planned increases in price.
- Management Fees: This line item was increased 3% with the signing of a new 3 year contract with Towne Properties. (up \$3,600.00)
- Tax Preparation: Line was reduced to \$500 based on prior year pricing with our current firm. (down \$300)
- Flood Insurance: Budget increased to \$2300 as flood rates are expected to increase in 2017. (up \$300)
- Insurance: Budget decreased to \$9200 as Brown and Brown has stated a probable rate decrease for 2017. (down \$800)
- Contingency: With last year's addition of a Capital Improvement/Contingency reserve, this line item was reduced to just \$500, as there may an expense to hold our 2017 Annual Meeting. (down \$1500)

**Total Administrative- \$141,200.00 (up \$1500.00)**

**Total Operating Budget for 2017: \$983,313.00 (down \$28,546.00)**

**Reserves:**

- Capital Project/Contingency: This category is funded with excess funds, reserve account interest, and Capital Contribution Fees (from unit sales). This fund can be used to fund capital improvement projects, such as our flag pole or FPL street lights, or can be allocated into other reserve categories, lowering the amount collected to fund the reserves.
- Audit: lowered to \$6000 to reflect our most recent audit expense. (down \$1000)
- Drinking Fountain: This fund was reduced to \$2500 to more accurately reflect the cost of replacing our three fountains. (down \$2565.00)
- Entry Gates Expense: Budget remains at \$22,220 for 2017, as we are not expecting to replace the gate system in the near future.
- Equipment Expense: This line item remains at \$21,718.
- Fountain Expense: No change to the \$25,000 Fountain replacement cost.
- Guard Furniture/Computer: No change to the \$4000 replacement cost.
- Irrigation System Expense: No change to the \$12,600 replacement cost.

- Painting Expense: No change to the \$9000 replacement cost.
- Paving Repair Expense: No changes to the \$65,000 replacement cost, as it was raised in 2016.
- Pool Expense: No change to the \$35,000 replacement cost.
- Pool Fence: No change to the \$15,000 replacement cost, as it was refurbished in 2015.
- Pool Furniture: No change to the \$20,000 replacement cost, as it reflects the cost of our most recent renovation to the chairs and tables.
- Pool Heater Expense: No change to the \$20,000 replacement cost.
- Roofs: No change to the expected \$15,000 replacement cost.
- Storm Water Management: There is no change to the current \$26,250 replacement cost, as our system shows no signs of needing repair or replacement in the foreseeable future.
- Video Camera: This item was cut in half to \$10,000, based on the cost of replacing our current 6 camera system at the front entrance. (down \$10,000)
- Deferred Landscape Maintenance: This \$12,000 fund will be added to the 2017 reserve schedule to pay for Tree Injections (if necessary) or other unforeseen landscaping expenses. (up \$12,000)

**Total Reserve Replacement Cost: \$321,289.00 (down \$1565.00)**

**Required 2017 Reserve Funding: \$4908.95**

**Total Income Requirement for 2017: \$1,018,221.95 (up \$1,454.00)**

Director DeSiato made a motion to accept and distribute the budget as presented, Director Ferrone seconded, and the motion passed unanimously.

**2017 Assessment (condos): Annual \$2817.30 (\$704.33/quarter) (up \$17.43/yr)**

**2017 Assessment (villas): Annual \$2671.02 (\$667.75/quarter) (up \$17.43/yr)**

**Adjournment:**

With no further business to discuss, the meeting was adjourned at 9:27am.

Respectfully Submitted,

David Blouir  
Community Association Manager