

Villas De Las Flores Homeowners Association

President's Report

January 25, 2020

Happy New Year!

It is hard to believe that we are 20 years into the new century. It also means that Villas is now approaching 50 years since it was first constructed. As such we must be vigilant in keeping up with maintenance and repairs on our aging facilities and property.

Over the past few years the Board has recognized the need to do so and has spent approximately \$300,000+ on roof and stucco repairs, grading and drainage issues, sewer and water line replacements and modifications to make the landscape more water wise. We will continue to do so for the foreseeable future as well. Each year the Board directs a portion of the monthly HOA fees to its fund reserves to cover these costs. In the last fiscal year that set aside was approximately \$330,000. The overall reserves accounts are currently at approximately \$850,000.

That sure seems like a great deal of money just sitting around, right? While it does look impressive based on our annually updated reserve study Villas should have over double that amount in reserves. Maintenance and repairs do happen regularly and sometimes unavoidably, not according to what a study always suggest as the ideal. Hence the Board's actions to do work incrementally, as and where needed. In doing so this avoids the need, hopefully, for any large assessments to the individual homeowners.

Each year the Board develops an annual budget to cover the operating costs and set aside for reserves. Inflation, minimum wage laws, landscape maintenance, insurance premiums, utility costs and so on have to be anticipated as part of that budget planning process. Based on that budget it then becomes necessary to make sure that there is enough revenue to cover those costs. That is the purpose for the monthly fees that each homeowner contributes.

In the early 2000's the Board either minimally raised or held off in raising the monthly HOA fees. While probably much appreciated by the homeowners it now is impacting our ability to meet current and future needs for the property. Looking forward it will be necessary to probably continue to have annual increases in the monthly fees to cover rising operations costs as well as building up the reserves. The Board will continue to be mindful in the budget planning process so that Villas remains well maintained and fiscally strong.

Respectfully Submitted,
Scott Gaudineer