

**BIRKDALE COMMUNITY ASSOCIATION
BOARD OF DIRECTORS
ANNUAL BUDGET MEETING 2023
Sept 8, 2022 6:00pm**

Welcome & Call to Order, Roll Call & Quorum – President called meeting to order at 6:04pm. Present were: Karen Moyer (President), Susan Lipp (Treasurer/Secretary), and Ron Buchanan (Member at Large). Absent were: Linda Van Eckoute (Vice President) and Tony Russo (Member at large). Quorum was met.

Also present were committee chairs: Earl Bishop - Covenants Committee (acting), Lee Kemmett - ARC Committee, and Wayne Bass - Grounds Committee (new). LeeAnn King, Property Manager from ACS West was also present.

Approval of Agenda Susan motions to remove proposed agenda item 6.2 Annual reserve discussion, deferring this discussion until 2Q23 to coincide with planned 5 year reserve study. Motion carries 3-0.

Approval of Adjournment Time: Karen motions for adjournment time to be 7:00pm. Motion carries 3-0.

2022 Financial Overview

- Treasurer, Susan Lipp reviews key variance items and explains key line items of spending on YTD 2022 financial performance
 - Operating income is slightly ahead of budget, nothing to note
 - Rehab Common Areas is overrun by 13.7% reflecting
 - This is catch all category for all grounds related expenses not included in the primary Natures Way maintenance contract
 - YTD includes new dog waste stations and their service
 - Overruns in numerous areas also included YTD, particularly related to vandalism at gazebos, street signs requiring painting and repair/replacement of little libraries as also noted by Grounds Chair
 - Legal fees are overrun by \$4,312 YTD related to higher than expected legal expenses, including legal support for several HOA encroachment issues on 3 separate properties
 - Operating Net Profit remains ahead of budget by \$16,368, however it must be noted several line items are flat line calendarized in the budget, but actual spending is seasonal. This includes Insurance billing and audit once per year at year end, and Social budget where 90%+ of spending is in 4Q each year. Therefore, it is expected when these seasonal spending items are considered, we are very close to budget.

2023 Budget Proposed

- **Operating Assessments** - No increase or adjustment is proposed for the Operating Assessments at \$101/quarter for all Members. No Special Assessments are proposed.
- **The expense budget** was proposed to increase by \$19,444. It was approved at an increase of \$17,944.
- Inflationary increases from outside service providers were proposed and approved by the Board for the following 3 line items:
 - Grounds Contract – a 3% increase was agreed in the new 3 year maintenance contract recently signed with Nature’s Way
 - Insurance – a 2% increase from \$9,666 to \$9,860 is estimated
 - Audit/Tax returns – a 12% increase from \$4,300 to \$4,800 is estimated
- New expenses included & approved by Board:
 - Pet station weekly service and bag disposal supplies \$3,000
 - Reserve Study as required every 5 years by VA law is planned for 2023 at a quoted cost of \$2,700
- Higher outside service providers/costs were proposed and approved by the Board:
 - Legal fees – increase from \$1,000 to \$4,000 reflecting much higher use of legal counsel on issues arising in the community.
 - Holiday Decorations - quoted by contractor at \$6,000 vs prior year \$3000 actual. A \$1000 increase was accepted by the Board for \$4,000 in hopes of negotiating same with the contractor.
 - Social - New activities/events and reinstatement of Fall Festival are planned by the Social committee with proposed increase of funds from \$4,000 to \$5,000.
- Lower expense spending has reduced 2023 budget for the following line items approved by the Board at lower budget spending level:
 - General Admin – reduced from \$4,500 to \$3,725
 - R&M – Electrical supplies – reduced from \$5,705 to \$4,705
- Rehab common areas – General grounds related costs/issues have risen sharply over the last year, including costs of addressing vandalism, driving YTD overruns in this line item (excluding new dog waste stations). This line item includes:
 - Gazebo maintenance
 - Little libraries maintenance & repair
 - Street sign maintenance
 - Painting & Power washing fencing, gazebos & signage
 - Bench purchase, installation and maintenance
 - Special grounds maintenance costs outside contract, including seeding & extra fertilization/ PH chemicals

- Sod
 - Removal of dead plants and trees
 - Replacement/new plantings for plants removed that are not planted in last year and therefore not under warranty (used to be a much larger portion of this line item, but this has shrunk to just \$2,700 spent YTD)
- A new line item of “higher rehab common areas” for \$6000 was proposed be added to the budget to separate out Replacement/new plantings from the Rehab common areas line item. Extensive discussion ensued as to the need to have any money in the budget for replacement or new plantings.
- The Board approved an additional \$6,000 budget for common area work outside the Grounds Contract to cover all categories above. However, they do not agree to add a new separately titled line item, but instead rename the “Rehab Common Areas” to “Common Area Maintenance/Improvements” and increasing it from \$25,000 to \$31,000 for 2023 year.
- **Reserve Transfer** was approved to be reduced from \$31,580 in 2022 to \$13,681 in 2023 recognizing the higher expense spending and lower than forecasted Reserve spending over the last two years. This budget item is subject to revision if recommended as a result of the 2Q23 required reserve study recommendations.

Member Voice

- A Member asked the status of Assessment delinquencies and Equity Experts collections efforts and activities post covid and its effects on reserves. Treasurer will follow up with Equity Experts before year end 2022 to discuss whether post-covid liens may be placed on homes of delinquent accounts and whether it is advised.
- A Member asked if a major native landscaping initiative proposed to replace 50% of all existing landscaping with native landscape selections will be undertaken in 2023 as proposed by members earlier in the year. Board confirmed this initiative has not been agreed, and there is no budget included for this initiative. However, about \$5,000 (approximately) of the “common area rehab/improvement” line item may be spent on replacement/new plantings as the Grounds committee feels are necessary and appropriate which may include native landscaping selections (eg. Like project to reduce runoff and mulching at end of cul-de-sac at Stonecreek Club Place undertaken in Spring 2022).
- A Member wished to confirm we have a Grounds Committee contractor available to maintain and replace all solar street lights as needed going forward rather than volunteers due to safety concerns, and that this is included in the 2023 Budget. Grounds Committee chair confirmed we have a contractor available and ready to perform this work.

- Members asked questions to confirm classification of expense vs reserve spending use. We confirmed replacement/upgrade of lighting and sprinklers due to Winterpock construction (we are required to repair/replace not VDOT because these service lines were originally installed beyond our property lines and therefore our responsibility), solar light replacements, and stone wall and entrance sign major rehabilitation projects are planned in late 2022 and 2023, but will come out of reserve funds, not expense budget.
- A Member asked questions related to Social committee plans for future Fall Festivals and how it relates to the Budget. It was discussed and agreed the Board will review options at the HOA property under the Dominion right-of-way near the entrance of Spring Run as an alternative to hold future festivals instead of corner of Old Bond St and Royal Birkdale Dr. Location selection should not affect the budget. However it was noted by the Grounds Chair that the property near the Spring Run entrance while flat ground is currently rutted, with tall weeds mowed just twice/year and no grass. To ready this site for any festival or activities would require a budget for land levelling, grass planting and Dominion Energy permit applications. This site cannot be made ready for any remaining 2022 events in time, but possibly in 2023 if the Board votes to spend the money to ready this site.
- Members wished to confirm if all expense budget is not spent by each year end, what happens to the unused funds? It was confirmed expense has been underspent up to 10% in the last two years 2020 & 2021 and any funds remaining the Board has voted to transfer to reserves. This may occur again this year if expenses are underspent vs budget.

2023 Budget Vote

Karen motioned to approve 2023 budget as noted above. Motion unanimously carried 3-0. (see attached).

Meeting Adjournment

7:26pm, Karen motioned that we end meeting. Motion carried: 3-0.

BIRKDALE COMMUNITY ASSOCIATION	2023 BUDGET
	2023
OPERATING ASSESSMENTS	265,428.00
LATE FEES BILLED	1,100.00
VIOLATION CHARGES	
OTHER INCOME	
TOTAL OPERATING INCOME	266,528.00
GROUNDS CONTRACT	117,672.00
Grounds Improvement	31,000.00
TREE REMOVAL	25,000.00
IRRIGATION REPAIR-MAINTENANCE	6,500.00
ELECTRICITY	1,700.00
WATER & SEWER	6,700.00
R & M - ELECTRICAL / SUPPLIES	4,705.00
Pet Stations	3,000.00
HOLIDAY DECORATIONS	4,000.00
NEWSLETTER / WEBSITE	4,300.00
GENERAL ADMIN	3,725.00
MANAGEMENT FEE	18,000.00
TAXES & FEES	185.00
SOCIAL	5,000.00
reserve study	2,700.00
INSURANCE	9,860.00
LEGAL FEES	4,000.00
AUDIT / TAX RETURNS	4,800.00
TOTAL OPERATING EXPENSES	252,847.00
RESERVE TRANSFER	13,681.00
TOTAL EXPENSES BUDGETED	266,528.00
NET INCOME	0.00