



OUTDOOR RESORT

PALM SPRINGS OWNERS ASSOC.

November 1st, 2014

Dear Owners:

Enclosed please find a restated budget for the Fiscal Year 2014-2015 which reflects an increase in HOA dues of \$21.00 per unit per month effective January 1, 2015, as recommended by the Finance committee and approved by the Board as its Regular Meeting on September 17, 2014.

This increase in HOA fees is necessary due to a cost increase in the contract for landscape maintenance services from a budgeted amount of \$824,961 (Valley Crest) to \$1,158,000/12 months (Vintage, Inc.). Vintage, Inc., took over landscape services on August 1, 2014, and the 11-month shortfall in the July 1, 2014 through June 30, 2015 fiscal year budget is \$305,000.

The need to terminate our contract with Valley Crest has been well communicated with the ownership and is a direct result of their very poor and unsatisfactory performance. Vintage, Inc., our new landscape service provider was selected following a competitive bidding process. They offered the best pricing proposal, expertise, and staffing levels, and received outstanding recommendations following extensive reference checks. We are off to a great start and Vintage, in just three months on the job, has brought lots back to acceptable standards, scalping has proceeded smoothly, reseeded has begun, and flowers are in the ground.

The \$305,000 budget shortfall equates to \$21.00 per month per lot. The earliest date an increase could be implemented due to procedural requirements for notification to the ownership was January 1, 2015 and will generate \$152,000 in revenue over six months. The remaining shortfall of \$153,000 will be covered from the Resort's Working Capital Account which has a balance of approximately \$420,000 as of August 2014. This action will reduce the Working Capital Account to less than the current policy that requires 17% to 25% of the Operating Budget. The Board, with recommendations from the Finance Committee and Management, will be working on revising the Operating Fund Working Capital Policy to a fiscally sound and sufficient level that meets the needs of the resort.

The \$300,000 promised savings from outsourcing was, first, overstated by almost \$150,000. Second, \$100,000 in tree-trimming costs, previously performed by our in-house staff and not covered under the landscape contract, was absorbed. Also, the in-house maintenance department added more staff to accomplish tasks, such as street sweeping, irrigation, etc., that were previously performed by our landscape crew, but were not included in the outsource contract. These additional expenses, coupled with unbudgeted administrative expenses due to General Manager turn-over in the amount of \$44,000, and \$50,000 when the rental operation ceased, ate up any savings realized and contributed to the need for a \$21 dues increase.

Please plan to attend the Town Hall Meeting on Friday, November 14, 2014, for more detail on the issues relating to outsourcing, the budget, and your HOA dues.

ORPS Board of Directors

**OUTDOOR RESORT PALM SPRINGS OWNERS ASSOCIATION
OPERATING BUDGET**

FISCAL YEAR JULY 1, 2014 --- JUNE 30, 2015

Mid-year Increase Effective January 1, 2015 - June 30, 2015

<u>REVENUES:</u>	<u>2014-2015</u>	<i>Fees for 2014-'15</i>	
		<i>Rate</i>	<i>Change</i>
Regular Assessments <i>(Not including reserve and capital component portions of regular assessments)</i>	4,119,348	\$ 283.00	\$ 21.00
Administrative Income	15,896		
Rental & Other Income	46,120		
Front Office Rental Income	172,800		
Activities Income	140,090		
Oracle Income	4,460		
Bar Income	42,500		
Convenience Store	161,975		
Golf	69,365		
Laundry	79,600		
TOTAL REVENUES	\$ 4,852,154		
EXPENSES:			
Administration	732,379		
Front Office Rental Expense	130,522		
Oracle	20,574		
Security	314,815		
Mailroom	31,503		
Activities	250,437		
Bar	39,489		
Convenience Store	147,980		
Golf	28,840		
Facilities	205,012		
Grounds Maintenance	1,218,939		
Vehicle Maintenance	88,803		
General Maintenance	640,033		
Utilities	905,903		
Contingency	30,000		
<i>Additional Cash Flow</i>	10,474		
TOTAL EXPENSES	\$ 4,795,703		
RESERVE & CAPITAL FUNDS:			
Reserve Component of Regular Assessments	\$ 1,164,480	\$ 80.00	\$ 12.00
Capital Component of Regular Assessments	\$ 14,556	\$ 1.00	\$ (5.00)
TOTAL RESERVE & CAPITAL COMPONENT OF REGULAR ASSESSMENTS	\$ 1,179,036		
GRAND TOTAL OPERATING EXPENSES, RESERVE AND CAPITAL FUNDS	\$ 5,974,739		
TOTAL REGULAR ASSESSMENT		\$ 364.00	\$ - *

* Pursuant to the Association's CC&Rs as well as Civil Code §5605(b) the Association may increase regular assessments up to 20% without membership approval over last year's regular assessments. There is no change reflected in this fiscal year's budget.

NOTICE: Pursuant to the provisions of California Civil Code Section 5300, a copy of the Operating and Reserve Budgets for 2014-2015 are available in the Association office and will be provided to owners at Association Expense

Number	Account Number	Date Due	Amount Due
7		JAN 1, 2015	\$364.00
Make check payable to: Outdoor Resort Palm Springs OA		If RECEIVED after: JAN 15, 2015	Pay This Amount \$400.40
Please include a coupon with every payment		<div style="border: 1px solid black; padding: 5px;"> Amount Paid \$ _____ Check # _____ </div>	

Number	Account Number	Date Due	Amount Due
8		FEB 1, 2015	\$364.00
Make check payable to: Outdoor Resort Palm Springs OA		If RECEIVED after: FEB 15, 2015	Pay This Amount \$400.40
Please include a coupon with every payment		<div style="border: 1px solid black; padding: 5px;"> Amount Paid \$ _____ Check # _____ </div>	

Number	Account Number	Date Due	Amount Due
9		MAR 1, 2015	\$364.00
Make check payable to: Outdoor Resort Palm Springs OA		If RECEIVED after: MAR 15, 2015	Pay This Amount \$400.40
Please include a coupon with every payment		<div style="border: 1px solid black; padding: 5px;"> Amount Paid \$ _____ Check # _____ </div>	

Number	Account Number	Date Due	Amount Due
10		APR 1, 2015	\$364.00
Make check payable to: Outdoor Resort Palm Springs OA		If RECEIVED after: APR 15, 2015	Pay This Amount \$400.40
Please include a coupon with every payment		<div style="border: 1px solid black; padding: 5px;"> Amount Paid \$ _____ Check # _____ </div>	

Number	Account Number	Date Due	Amount Due
11		MAY 1, 2015	\$364.00
Make check payable to: Outdoor Resort Palm Springs OA		If RECEIVED after: MAY 15, 2015	Pay This Amount \$400.40
Please include a coupon with every payment		<div style="border: 1px solid black; padding: 5px;"> Amount Paid \$ _____ Check # _____ </div>	

Number	Account Number	Date Due	Amount Due
12		JUN 1, 2015	\$364.00
Make check payable to: Outdoor Resort Palm Springs OA		If RECEIVED after: JUN 15, 2015	Pay This Amount \$400.40
Please include a coupon with every payment		<div style="border: 1px solid black; padding: 5px;"> Amount Paid \$ _____ Check # _____ </div>	

For the Owners
who prefer to
send in their
payments with
coupons