



Bay Point Community Association Proposed Assessment Increase

January 23, 2023

Town Hall Agenda

- Panel Introductions
 - Catherine Mitchell, BPCA President
 - Samantha Dring, BPCA 1st Vice President
 - Zack Seltzer, BPCA Treasurer
 - Debra Haydn, BPCA General Manager
 - David Renneker, BPCA Comptroller
- Presentation to Owners
- Open Floor for Questions & Comments



FAQs: When was the budget approved?

Why would Board approve a budget with a deficit?

- The annual budget is approved by the Board in July each year
 - Created based off projected operational expenses plus necessary infrastructure improvements
 - The Finance Committee proposes the budget for Board approval
- It is not uncommon to have a deficit budget due to infrastructure spending
 - The income is fixed based off of assessments
 - Costly infrastructure repairs (eg, paving project) could be partially funded from the infrastructure reserve account that has accumulated over time
- As operating costs have increased over the years, the community has cut back on operations (maintenance, landscaping, uniforms, etc) and also underfunded the reserve requirements



Approved 2022-23 Annual Budget

	Operating	Infrastructure	Combined
Total Income	\$1,866,710	\$363,392	\$2,230,102
Expenses			
Security	796,619	0	796,619
Administrative	517,474	0	517,474
Post Office	196,469	0	196,469
General	412,645	524,880	937,525
Total Operating Expenses	\$1,923,269	\$524,880	\$2,448,149
Net Income	\$(56,559)	\$(161,488)	\$(218,047)
Ending Cash Balance			\$1,119,107



FAQ: What are areas for cost cutting?

- BPCA Finance Committee conducted budget line item analysis to identify potential cost savings
- The largest component of the operating budget - and perhaps a potential area for cost savings - would be the security budget
 - Security is budgeted at \$800k of the \$2.4mm annual budget (33%)
 - Need community feedback to understand wants/needs for security
 - Increase investment in personnel to uptier security staff?
 - Consider leveraging technology to “unman” gates for off peak hours?
 - Remove physical guard from Thomas Drive gate?
 - Increase roving patrol hours?
 - Gorrie Regan Proposal is under board consideration



FAQ: What are planned infrastructure projects for 2023?

- The budgeted infrastructure projects are:
 - \$360k for drainage repairs, including the current scope of work to clean and video 5,200 LF of drainage to address 14 known drainage issues
 - \$50k for firehouse building renovation to create usable storage and offices for security staff
 - \$24k for IT infrastructure upgrades
 - \$12k for signage upgrades
 - Balance for minor paving, striping, general infrastructure, and engineering

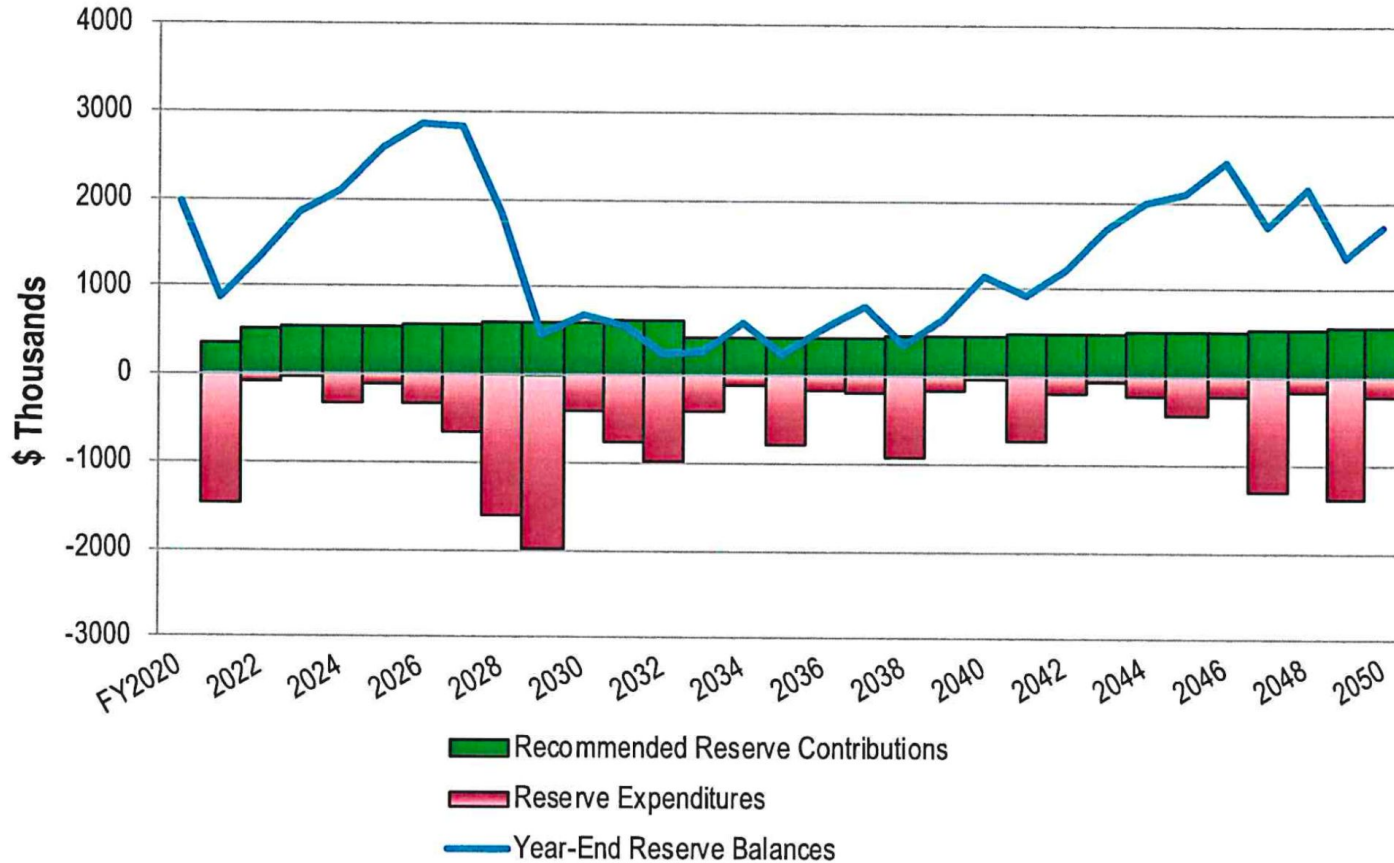


FAQ: How do we know what to save for infrastructure?

- Every few years, BPCA obtains a reserve study to estimate the cost and timing of repair/replacement to our infrastructure assets
 - The largest component is maintaining our roadway system
 - The study also covers gatehouses, gate systems, and Bonefish Bridge
 - The latest reserve study does not include drainage
- The study provides a 30-year reserve funding plan to ensure adequate funds are on hand and to address issues without special assessments



Infrastructure Reserve Study



Infrastructure Reserve Funding Plan

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Bay Point
Community Association
Panama City Beach, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reserves at Beginning of Year	(Note 1)	N/A	1,974,886	888,214	1,344,364	1,869,652	2,113,285	2,581,215	2,865,060	2,827,260	1,834,621	470,547
Total Recommended Reserve Contributions	(Note 2)	N/A	357,318	527,000	537,500	548,300	559,300	570,500	581,900	593,500	605,400	617,500
Estimated Interest Earned, During Year	(Note 3)	N/A	12,826	10,002	14,398	17,843	21,031	24,398	25,501	20,884	10,327	5,184
Anticipated Expenditures, By Year		N/A	(1,456,816)	(80,852)	(26,610)	(322,510)	(112,401)	(311,053)	(645,201)	(1,607,023)	(1,979,801)	(406,535)
Anticipated Reserves at Year End		<u>\$1,974,886</u>	<u>\$888,214</u>	<u>\$1,344,364</u>	<u>\$1,869,652</u>	<u>\$2,113,285</u>	<u>\$2,581,215</u>	<u>\$2,865,060</u>	<u>\$2,827,260</u>	<u>\$1,834,621</u>	<u>\$470,547</u>	<u>\$686,696</u>
Predicted Reserves based on 2021 funding level of:	\$357,318	1,974,886	888,214	1,173,918	1,516,679	1,565,294	1,825,401	1,888,303	1,616,119	375,335	(1,251,071)	(1,311,769)



Infrastructure Reserve Funding Plan

	Recommended Reserve Funding	Projected Budget Reserve Funding	Surplus/(Deficit)
2020 - 2021	357,318	351,000	(6,318)
2021 - 2022	527,000	357,318	(169,682)
2022 - 2023	537,500	354,032	(183,468)
2023 - 2024	548,300	360,000	(188,300)
2024 - 2025	559,300	360,000	(199,300)
2025 - 2026	570,500	360,000	(210,500)
2026 - 2027	581,900	360,000	(221,900)
2027 - 2028	593,500	360,000	(233,500)
2028 - 2029	605,400	360,000	(245,400)
2029 - 2030	617,500	360,000	(257,500)
2030 - 2050	10,147,300	7,200,000	(2,947,300)
Total	15,645,518	10,782,350	(4,863,168)

Based on the reserve study, the average reserve funding is proposed to be \$520k / year

At current level, we are underfunding the reserve target by \$4.9mm over the next 30 years



Forecast including Infrastructure Reserve

	2023	2024	2025	2026	2027	2028	2029	2030
Operating Expenses	\$1,923,269	\$1,980,967	\$2,040,396	\$2,101,608	\$2,164,656	\$2,229,596	\$2,296,484	\$2,365,378
Drainage	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Infrastructure Reserve	\$524,880	\$548,300	\$559,300	\$570,500	\$581,900	\$593,500	\$605,400	\$617,500
Total Annual Budget	\$2,598,149	\$2,679,267	\$2,749,696	\$2,822,108	\$2,896,556	\$2,973,096	\$3,051,884	\$3,132,878
Current Assessment	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325	\$1,325
# Units	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526
Other Revenue	\$208,152	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000
Total Annual Revenue	\$2,230,102	\$2,206,950	\$2,206,950	\$2,206,950	\$2,206,950	\$2,206,950	\$2,206,950	\$2,206,950
Shortfall	\$368,047	\$472,317	\$542,746	\$615,158	\$689,606	\$766,146	\$844,934	\$925,928
Breakeven Assessment	\$1,703	\$1,756	\$1,802	\$1,849	\$1,898	\$1,948	\$2,000	\$2,053



FAQ: Why didn't the Board propose small, incremental increases to the assessment over the years?

- In 2008-09, the Board was authorized to increase the general assessment over a three-year period
- Beginning in the year 2010-11, the total annual dues have been fixed at \$1,325
- Any change requires an owner vote to approve
- An increase has not been proposed/approved in over ten years, despite increasing costs and inflation
- Over the 12 year period since the last assessment increase, total BPCA expenses have increased on average 3.5% per year



Governing Documents

- Articles of Incorporation Assessment Language
 - Article VII, Paragraph B: Limits the total annual dues to \$1,325
 - Article VII, Paragraph C: Any larger assessment can only be levied by the affirmative vote of a majority of the members of the corporation voting at the annual meeting, or at a special meeting
 - Article VII, Paragraph H (1): Board shall have authority to levy an assessment not to exceed \$750, paid over ten years at \$75/year for a capital contribution
- Articles of Incorporation Amendment Language
 - Article VIII: Articles of Incorporation may be amended by (1) approval by BOD and (2) approved by majority vote of members



FAQ: How did Board come up with proposal of \$1,650?

-
- Based on operating forecast and reserve study recommendations, the breakeven assessment would be in excess of \$1,700 for this year
 - Understanding the financial impact any increase would have on the owners, the Board proposed \$1,650
 - The Board also discussed a potential proposed future amendment to the Articles to allow for small, incremental increases year over year



Assessment Breakeven Analysis

	Combined	Assumptions
Assessment Income	2,021,950	\$1,325 / household - 1,526 billable
Other Fees & Resident Charges	87,000	Citations, road impact, estoppel
Other Income	121,152	CPU Income, management income
Total Income	2,230,102	
Security	796,619	
Administrative	517,474	
Post Office	196,469	
General Operational	412,645	
Infrastructure Reserve	537,500	Based on reserve study (Covers firehouse; signage; minor repairs)
Drainage Repairs & Improvements	360,000	Drainage repairs are not included in the reserve study
Total Outlays	2,820,707	Approximate 3% increase from FY22 operational costs
Net Income	(590,605)	<div style="background-color: #fff9c4; padding: 5px;"> \$1,712 ← Required Breakeven Assessment Additional \$387/year </div>

FAQ: Who approves an increase in the assessment? How?

An assessment increase requires an affirmative vote of a majority of the members of the corporation voting at the annual meeting

- At the December Board meeting, the Board approved the proposed assessment increase for 2022-23 to \$1,650
- January 10th delivery of annual meeting packets with proxy and supporting documents
- January 23rd town hall to discuss information and answer questions
- Owners will vote at February 11th annual meeting or by proxy to approve/decline the proposed increase
- Should the increased assessment pass, the Board will consider a revised budget at the March 2023 BOD meeting



Owner Questions & Comments



Thank you and have a nice evening!