

Dear Bungalow Owners,

Re: Monthly Maintenance Fee

As year-end approaches it is necessary to review the yearly budget for Fairways Villas Subdistrict 1 and Subdistrict 4 Bungalows. As mentioned at the Monthly Community Advisory Committee (CAC) meetings, a Request For Proposals (RFP) for Sub District Manager and Maintenance positions was completed. The YMCA was selected to fill both positions. Several Bungalow Issues Subcommittee (BIS) members participated in the selection process.

The BIS has worked with the CAC to develop a budget that continues to provide a quality living environment. The process has been more difficult this year than in the past due to several situations beyond our control which have left the current year's budget (2021) with an estimated year-end deficit of \$19,191.

As you are aware in the early part of this year Denver experienced a major snowstorm. As a result, snow levels far exceeded the normal snow levels which was budgeted for. The cost of that snow removal exceeded \$38,000 with a total 2021 yearly budget for snow removal of only \$40,000. Allowing for additional snow removal expenses for the remainder of the year at \$4,5000, the total cost for 2021 snow removal will be \$58,375. That amount exceeds the budget amount by about \$19,000.

Covering that shortfall will add about \$16 to our monthly fee. If the budget for 2022 comes in on target that "surcharge" could be eliminated for 2023.

In addition to the 2021 deficit noted above, several budget items will require an increase of 2022 monthly fees. Those are:

- 1) In past years, Oakwood has contributed funds to assist in balancing the budget. Oakwood will not continue its contribution in the future. The impact of losing the Oakwood contribution amounts to slightly more than a \$17/month increase.
- 2) An additional \$5 per month is included to begin funding the Capital Reserves for common driveway repairs or replacement. Originally, this was proposed to start in 2021, but at the request of BIS, it was delayed a year as most of the driveways were newly installed and under warranty.
- 3) In an effort to avoid another budgetary shortfall in 2022, the snow removal line item in the 2022 budget has been increased by \$10,000. Should the entire amount not be needed in 2022, the remaining budget snow removal dollars can be carried over to 2023 with a corresponding reduction in monthly fees.
- 4) The 2022 budget includes contingency line items. These contingencies are a combination of the statutory required Emergency Reserve and a contingency to cover unexpected emergencies.

On the positive side, BIS is working with the new Sub District Management to reduce monthly accounting fees and has been able to reduce the monthly cost of billing services from approximately \$13.41 to \$3.75 per month per owner.

The budget amount for plant material replacement in 2022 was reduced to \$5,000.

We believe that having on-site management starting in 2022 versus the current arrangement where management is essentially off-site will have a positive impact on costs related to snow removal and maintenance.

The deficit carryover, loss of developer contribution, increased snow removal costs, and reserve requirements necessitate an increase in our monthly fee. Effective January 1, 2022, the monthly fee will be \$120. That breaks down to \$104/mo. for 2022 services, and \$16/mo. to cover the 2021 deficit.

Without input from both CAC and BIS, the fees would have been considerably higher for 2022. Our sincere hope is that if we do not experience any large snowstorms and we are able to control costs as outlined above, 2023 monthly fees will be reduced.

The Bungalow Issues Subcommittee