



PRESIDENT'S REPORT



2023/2024

Annual Meeting

2023-2024 Annual Meeting Summary

Dear VEHA community members,

Thank you to those of you who participated in the Town Hall meetings, the Annual meeting and especially everyone that voted or gave your proxy. This was a very important meeting for our community, as it determined the budget for 2023-2024, but also the future of our reserves. The follow is a summary of the meeting outcomes.

- We had 62 votes cast by either early ballot, proxy, or in person votes. (Two of the votes were ineligible due to unpaid assessments).
- *The votes were cast as follows: Increase to \$250 - 30 votes; Increase to \$245 - 11 votes, and No Increase (\$215) - 19 votes.*
- *To pass any budget, 2/3 of the total eligible votes were needed. (Thus 60 were eligible, and of those 40 were necessary to pass any of the budgets).*
- The combined vote for the \$250 and \$245 budgets, was 41, so the \$245 budget was passed. (A vote for the \$250 budget automatically included the \$245 budget).
- Beginning July 1, 2023, the assessment will be \$245.
- This budget allows the community to continue maintaining the health of our community and allows us to build a stronger reserve.
- The President's Report is included to show details of what was discussed for our community's future.

President's Report: What are we facing as a community?

- We are dealing with
 - an aging community infrastructure. 50+ years old,
 - overdue maintenance on many community assets, including the clubhouse roof, road repair on Marcheta, pool maintenance,
 - an increasing number of water line breaks, and sewer lines that are just as old. (*We had one repaired in 2020 that was very costly-over \$14,000*).
 - We have inflation.
 - We have a reserve fund that is 20 % funded, when it should be 100% funded (100% of our annual budget).
 - And we have a demographic that includes a number members on a fixed income.

President's Report: How are we addressing this?

- We have been accessing our financial situation and are attempting to do a course correction on the HOA budget.
- We discovered lost revenue to the community in the following areas:
 - There was a loss of over \$250,000 to the community by not increasing dues more than a total of \$40 over a 17-year period, from 2004–2021.
 - In 2008 a reserve study indicated the community should increase our dues by \$70/month to cover future expenses. This is a loss of \$1,313,933 to the community.
 - Unfortunately, we spent another \$250,000 on composite fencing that we had to discontinue because it was the wrong type, and the community couldn't afford it.
- Since 2021 the community has approved 3 budget increases to address operating and maintenance budget shortages, and to better fund our reserves.
 - Today the community is voting on another increase which will continue to address the community's current needs and also the needs of the future.

President's Report: What are the needs of the future?

- Funding the community water and sewer infrastructure.
- The strategy since 2006 has been to repair water and sewer line breaks by replacing sections of lines. We have also replaced some main valves and one fire hydrant.
- Since the water and sewer lines are more than 50 years old, some of the components are reaching their life span. The community runs the risk of having more breaks in a year than it can pay for.
- Because we are always reacting, it is expensive because many repairs are performed during nights and weekends.

President's Report: What is the right path for our future?

- Engineering – We are in conversation with NV5 , a Civil Engineering company that works with communities with infrastructure needs.
 - They were referred by another community because of their engineering expertise and their ability to find grant funding.
 - Before moving in any direction with our infrastructure needs, we need to work with professionals who can design, and plan the right option for our community.
 - Currently NV5 has given us a cost estimate for replacing our sewer main, water main and hydrants, including engineering cost, and road repair.
 - The estimate for the water main line, including fire hydrants is \$622,737. The estimate for the sewer main line is \$555,518. The total cost for this is \$1,178,255.
 - We asked them to give us an estimate for the water laterals and sewer laterals. The water laterals are where we are currently having most of the water line breaks. The sewer laterals are the members responsibility, but we asked for an estimate, nevertheless.

President's Report: How can we pay for this?

- Infrastructure Loans – We are in conversation with NMFA (New Mexico Finance Authority). They oversee funding for water infrastructure spending called the “Drinking water fund” NMED (New Mexico Environment Department oversees a sewer fund called “the Clean water fund” .
- Infrastructure Grants – May be available if the community meets the financial requirements. We are looking into this.
- Downpayment – In speaking to other HOAs, who have received infrastructure loans, they were responsible for a 10% upfront cost.
- NMFA also has funding for homeowner expenses. We will be looking at whether there may be funding to help with HOA dues or Special Assessment costs.
- As we consider the project we will be asking if we need a complete replacement of our systems, or if they may be done in sections. For instance, the water laterals, then water main lines. Also, can we utilize what we have already replaced?

President's Report: Phases

- Phase 1:
 - Keep our community healthy – Increase monthly associate fees to meet short term maintenance and operational needs and fund our reserves.
 - Due Diligence – Continue dialog with funding entities, and engineers, community members.
 - May start some funding pre- applications
 - Reserve study
 - Town hall meetings

President's Report: Phases

- Phase 2:
 - Evaluate Engineering plans, costs, etc.
 - Choose an Engineering company and funding sources
 - Evaluate reserves and budgetary needs.
 - Consider next steps (assessments, special assessments, individual grants, etc.)
 - Evaluate cost saving measures
 - Town hall meetings

President's Report: Phases

- Phase 3:
 - Community prepares their portion of funding.
 - Get funding
 - Finalize project plans
 - Execute project Plan
 - Town Hall Meetings