



GENERAL MANAGER PERSPECTIVES SAN DIEGO COUNTRY ESTATES ASSOCIATION

Darren Shaw

To Our SDCEA Homeowners,

At the regularly scheduled meeting on October 22, the Board of Directors approved the 2025 operating budget, reserve plan, capital plan, user fee schedule, and the related assessment adjustment effective January 1, 2025. The new monthly assessment will be \$175.

This budget is the result of months of detailed analysis and collaboration with our Director of Financial Operations, department managers, and a board-appointed Budget Development Committee. The monthly assessment is determined by three key components: 1) daily operational expenses, 2) reserves for the replacement of existing assets and facility components, and 3) capital funding for new improvements or assets.

The \$20 increase (12.9% over last year) will generate \$828,240 in new revenue to help cover operating, reserve, and capital expenses in 2025. For reserves, the Association is in the third year of a five-year reserve replenishment program. This will require an additional \$200,000 each year for the next three years, which is about \$5 per month on the assessment.

Reserve Recovery Plan (Year Three)	Allocations	Funding	Percent Funded
Five-Year anticipated Reserve Expenditures			
2025 Anticipated Allocations	\$ 2,244,176	\$2,081,404	25%
2026 Anticipated Allocations	\$ 2,802,657	\$2,289,544	23%
2027 Anticipated Allocations	\$ 1,975,911	\$2,518,499	29%
2028 Anticipated Allocations	\$ 1,232,867	\$2,770,349	41%
2029 Anticipated Allocations	\$ 2,258,020	\$2,798,052	48%
Subtotal of Five-Year Allocations	\$10,513,531	\$12,457,848	
Estimated Reserve Balance End of 2024	\$ 3,000,000		

Operating expenses are projected to rise by \$555,894 (4.5%) to a total of \$12,791,073. Non-assessment revenue is expected to increase by \$92,412, bringing the total budget to \$15,048,567 of which \$7,247,100 is generated by assessment revenue. Adjustments to several amenity user fees will boost non-assessment revenue intended to cover the balance.

Like many organizations, we have faced inflationary pressures at both the state and national levels. Cost increases were seen across many areas, including the minimum wage, labor shortages, and a competitive job market, which led to pay increases for certain positions. Additionally, property insurance premiums have risen significantly, reflecting broader market trends in California.

GENERAL MANAGER PERSPECTIVES - CONT.

Our Budget Development Committee, comprised of fellow homeowners and board members, carefully reviewed, and scrutinized the budget projections over five days before unanimously supporting the budget pro forma.

While these decisions are never easy and we are mindful of the potential concerns over the increased assessment, the Board's primary responsibility is the financial health of the organization. We remain committed to making decisions in good faith to ensure long-term sustainability.

You can view a summary of the 2025 budget by logging into your owner portal and selecting "Shared Documents" under "Budget 2025" on the left-hand side. For a detailed pro forma, please contact the administration office at execsec@sdcea.net.

As always, I am available, along with our Director of Financial Operations, to discuss the budget or answer any questions about its development process.

Sincerely,

Darren Shaw, MCAM, MCM, PCAM
General Manager