

Clearwood Community Association

Town Hall: 2025 Budget

Agenda

- **Introduction**
- **HOA Finances 101**
- **Budget Summary**
 - Proposed Assessments: 2025
 - Operations Funds
 - Reserve Funds

Clearwood's Mission

The Mission of the Board of Directors for the Clearwood Community Association is to preserve and enhance the property of our sub-division by maintaining the common areas, parks, lakes, beaches, roads and water system, and by upholding and enforcing our covenants, Bylaws, and Rules and Regulations.

We will serve the homeowners by taking a fair, objective and ethical approach in representing the Corporation.

We will maintain an enjoyable friendly and safe place to live.

We will provide ethical and fiscally responsible solutions to promote a sense of community, enhance our property values and plan for the future.





HOA Finances 101

- **Presented by: Jennifer Spidle, CPA**

Clearwood Financials

- Clearwood is *not* a standard business, it is a Home Owners Association (HOA)
 - Federal Income Tax has a separate section for HOA's
- Reserves dues paid increase cost basis of your home per IRS Sec. 118
- Clearwood is a non-profit with WA State & a 501(c)4 with the IRS!!!

Two Companies In One

OPERATING

OPERATING funds keep the doors open and the daily activities going

- Operating assessments and fines/fees collected for operating activities (gate entry, pool, mailboxes, etc)
- Includes the Water System Operations

RESERVES

Members assess themselves for RESERVE improvements and upkeep

- Land, buildings, roads, culverts, parks, pool, gates, etc. are all paid for and owned by parallel reserve company
- Reserve funds can ONLY be used for reserve acquisitions and major repairs

Funds & Banking

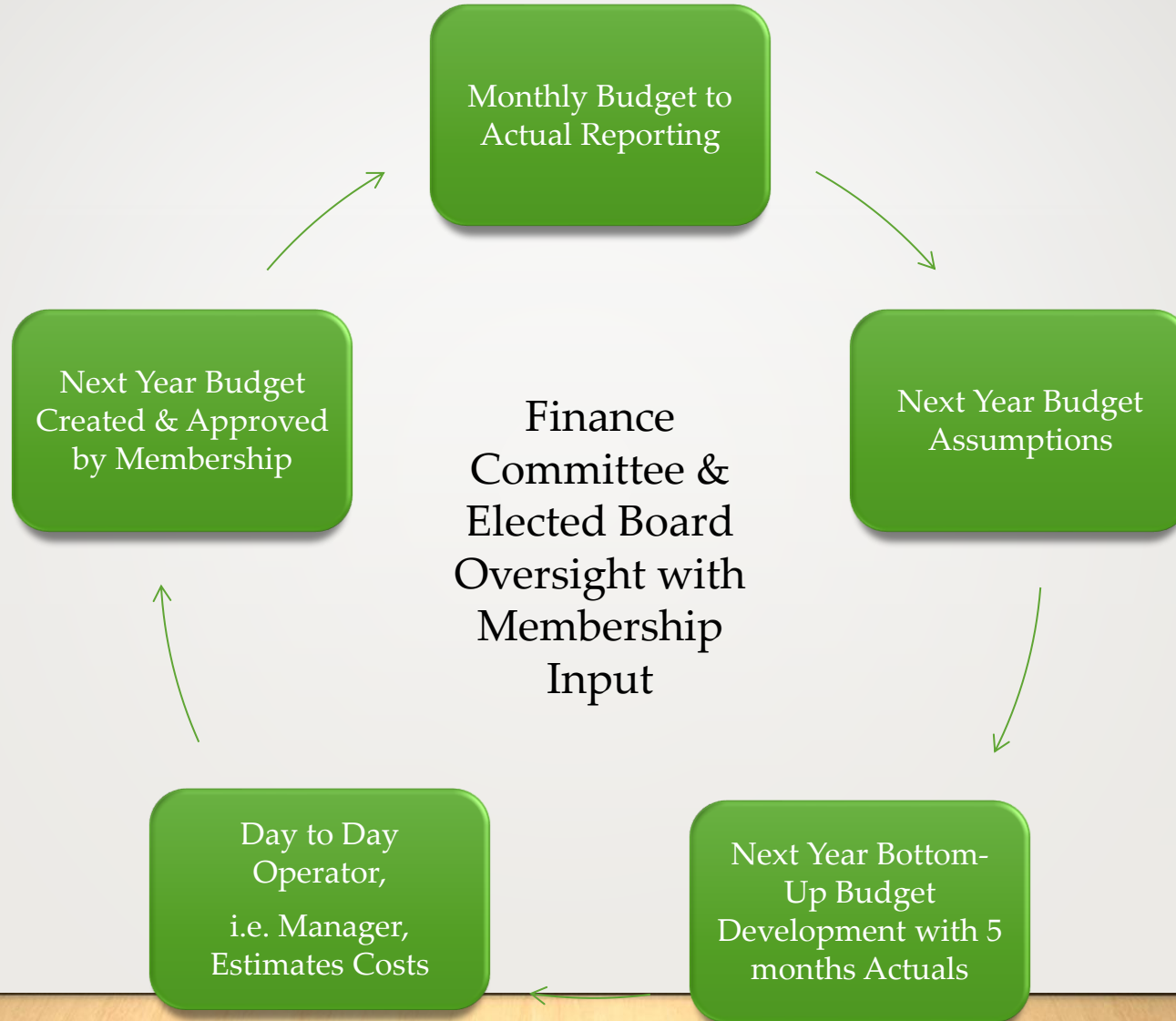
OPERATING FUNDS


- General Operating Fund
- Water System Operations
- Operations Contingency

RESERVE FUNDS

- General Reserve Fund
- Water Reserve Fund
- Impact Fees
- Future Reserve Fund

Annual Budgeting Process





Cash is King

- Tell Members cash you ACTUALLY have collected
 - Assumes 92% Collections Assessments & 92% for Water Consumption
- Most important activity is making sure you have all your cash (Bank Recs) and in the right buckets

Bottom Up vs. Top Down Budgeting

- Budget means plan
- A bottom up budget process in which...
 - All current contracts are accounted for,
 - Each department manager estimates the type and cost of work that is needed to be done next year,
 - Staffing levels are estimated based on projected work, and
 - Utilities, insurance, etc. estimated with vender input,
 - All estimated costs added together
 - Income is estimated based on historical trends and estimated collections
- Top down budgeting is setting the income, and forcing expenses to fit within that amount, regardless of the legitimacy of those expenses.



Architectural blueprints are shown in the top right corner, featuring various dimensions and technical drawings. The background is a light blue gradient. The bottom of the image shows a wooden surface.

2025 Consolidated Budget



2025 Consolidated Budget: Operations

2025 DRAFT Proposed Assessments & Water Rates

2025 Consolidated Budget		
2025 Proposed Annual Assessment Summary		
*which is 92% Collections based on 1355 lots		
	Per Lot	Total Revenue
General Operations Assessment*	\$ 771.72	\$ 962,094
General Reserves Assessment	736.68	998,201
Future Reserves Assessment	16.80	22,764
Water Reserves Assessment	495.84	671,863
Total Proposed 2025 Assessments	\$ 2,021.04	\$ 2,654,922
	<i>Per Lot</i>	<i>Total Revenue</i>
Dollar change from 2024 Assessments	\$ 43.92	
Percent Change from 2024 Assessments	2%	

2025 Proposed Water Base Rate & Consumption (Invoiced Quarterly)		
Water Base Rate & Consumption	From Cubic Feet (CF)	2025 Cost
Tier 1 - Base Rate (Quarterly)	0 - 1,800 cu.ft.	\$76.79 / quarter
Tier 2	1,801 - 3,000 cu.ft.	\$4.10 / 100 cu.ft.
Tier 3	above 3,001 cu.ft.	\$5.46 / 100 cu.ft.

2025 PROPOSED BUDGET CHANGE - ANNUAL BY MEMBER

Draft

	Proposed 2025 Budget	Current 2024	Annual \$ Change	Annual % Change
Proposed Annual Assessments	\$ 2,021.04	\$ 1,977.12	\$ 43.92	2.2%
*Water Consumption & Base Rate Tier 1- Base Rate up to 1,800 cu.ft.	\$ 307.16	\$ 296.28	\$ 10.88	3.7%
Total	\$ 2,328.20	\$ 2,273.40	\$ 54.80	2.4%

*Water Consumption estimate based on average Water Consumption of 1,394 cu.ft quarterly

Historical Annual Per Lot Assessments/ Dues				PROPOSED
	2022	2023	2024	2025
Operations	\$ 727.74	\$ 749.40	\$ 764.16	\$ 771.72
Ops Special Assmt	-	-		-
General Reserves	655.00	694.32	715.20	736.68
Future Reserves	15.00	15.96	16.32	16.80
Water Reserves	441.00	467.52	481.44	495.84
Total	\$ 1,838.74	\$ 1,927.20	\$ 1,977.12	\$ 2,021.04

	General Operations	Water System Operations	Operations Contingency
CCA Revenues			
HOA Operations Dues/Assessments	\$ 962,094	\$ -	\$ -
Water Consumption & Base Rate Income	\$ -	459,877	-
Fines & Fees (Liens/ Renters/ Transfer)	\$ 71,656	-	-
Credit Card Income	\$ 18,027	-	-
Other Income	\$ 43,260	-	300
Cash from Assessments collected in 2025, but billed in prior years	\$ -	-	49,700
Total CCA Revenues	\$ 1,095,037	\$ 459,877	\$ 50,000
CCA Expenditures			
Payroll Expense	\$ 618,950	\$ 111,105	\$ -
Repairs, Maintenance, & Grounds	\$ 138,526	14,588	-
Business Insurance Expense	\$ 72,341	72,341	-
Utilities Expense	71,154	17,284	-
CC&Rs & Mandates	\$ 85,814	13,786	-
Deputy Sheriff Stipend	\$ 52,376	-	-
Supplies- Other	\$ 43,788	1,787	-
Administration Expenses	\$ 41,716	8,158	-
Legal Expense	\$ 15,000	-	50,000
Executive Assistant- GM Support	\$ 36,800	9,200	-
Regulatory Compliance	\$ 20,142	-	-
Credit Card Fees & Bank Fees	\$ 19,001	-	-
Professional Services	\$ 13,110	-	-
Community Support	\$ 9,480	-	-
Business Taxes	\$ 7,977	29,695	-
Supplies- Chemical	\$ 5,948	24,847	-
Water Management- Contracted	\$ -	-	-
Bad Debt Expense	\$ -	-	-
Allocated Expenses	\$ (157,086)	157,086	-
TOTAL CCA Expenditures	\$ 1,095,037	\$ 459,877	\$ 50,000
Net CCA Operating Income	\$ -	\$ -	\$ -

6.19.2024

2025 Consolidated Budget: Reserves

While a multi-year outlook is provided, only the 2025 values are up for consideration for the 2025 Budget at the November Annual General Meeting (AGM)

Clearwood Community Association

3 Year Projected Outlook on Reserve/ Capital Asset Expenditures from Reserve Funds

6/19/2024		2025	2026	2027
Projected Available Reserve Funds		2025	2026	2027
	Beginning Balance *	\$ 1,176,825	\$ 2,310,898	\$ 805,557
	Assessment Income: Reserves** with 4% COLA	1,709,303	1,777,675	1,848,782
	Impact Fee Income	12,000	12,000	12,000
	Interest Income	5,000	5,000	5,000
	Operations Infusion of Cash to Capital	-	-	-
Subtotal Available Reserve Funds		\$ 2,903,128	\$ 4,105,574	\$ 2,671,339
Projected Expenditures		2025	2026	2027
Type	Component			
Road	9 - Bluewater DR SE & Associated Roadways: Construction		\$ 538,207	\$ 437,768
Road	9 - Bluewater DR SE & Associated Roadways: Design	\$ 67,240		
Water	9 - Bluewater DR SE & Associated Roadways: Construction		538,207	437,768
Water	9 - Bluewater DR SE & Associated Roadways: Design	67,240		
Road	Asphalt Roads: Repairs/Patching		25,674	26,444
Water	Leak Detection		16,762	
Water	Water System Plan - Update		42,118	
Subtotal Roads and Water Projects		\$ 134,480	\$ 1,160,967	\$ 901,980
Building	NEW ADMIN/ OFFICE BUILDING- DESIGN/BUILD	\$ 150,000	\$ 1,560,000	\$ 390,000
Building	Office, Roof: Replace *** Dependent on new admin building***		15,914	
Building	Office, Interior, Office: Refurbish			7,955
Equipment	Computer & Software: Update			24,259
Equipment	Entry Sign: Replacement			1,727
Mailbox	Mailbox Cluster: Replace, Front Gate - office			26,444
Subtotal Office, Community Meeting Space & Related Assets		\$ 150,000	\$ 1,575,914	\$ 450,384
Equipment	Maintenance Eqpt, Truck, Toyota Tacoma, 2008	\$ 27,707		
Equipment	Fence: Chainlink, Repair		\$ 4,180	\$ 4,305

Clearwood Community Association

3 Year Projected Outlook on Reserve/ Capital Asset Expenditures from Reserve Funds

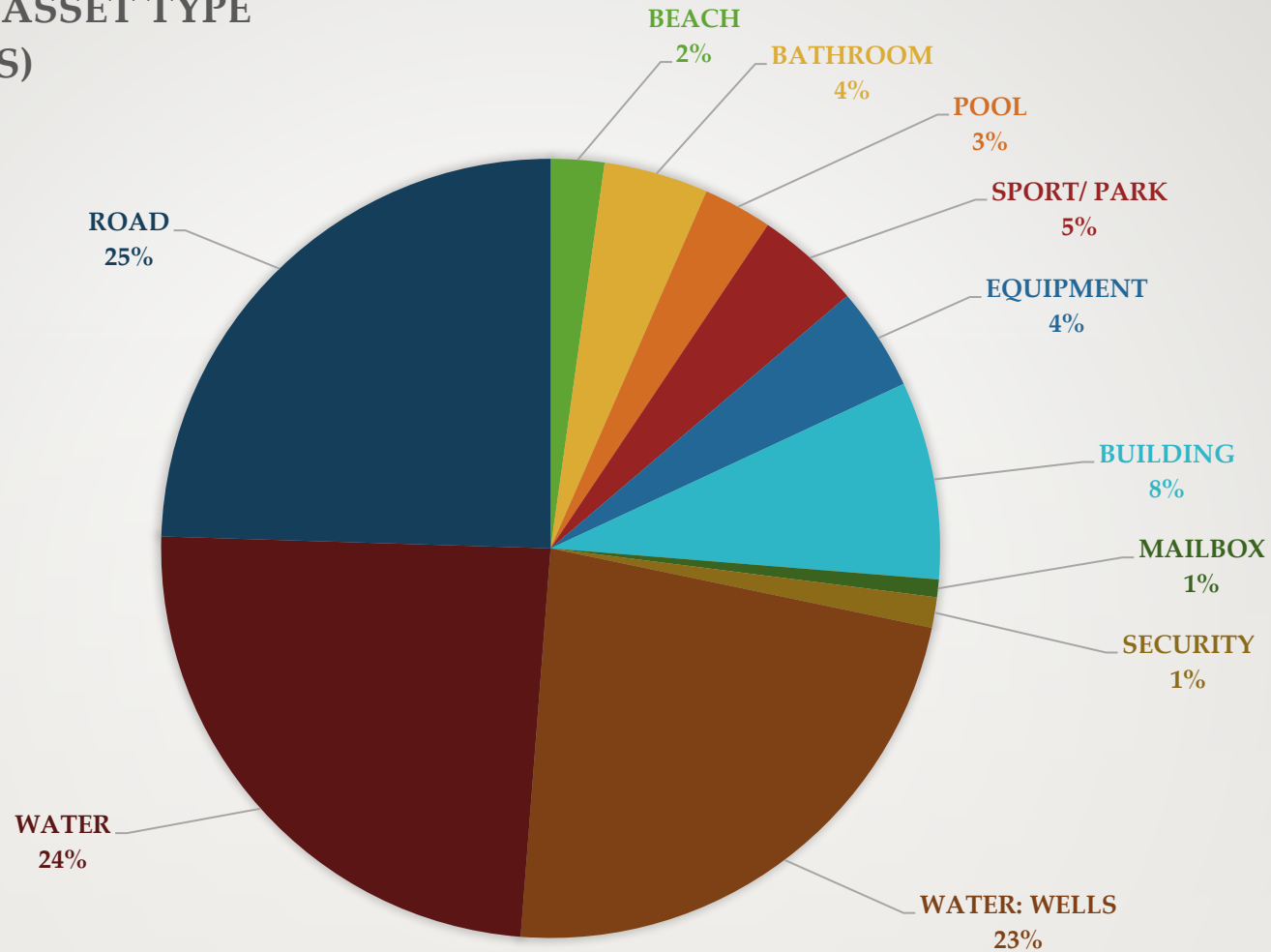
6/19/2024		2025	2026	2027
Equipment	Lights: Pole, Replace		8,912	
Equipment	Maintenance Eqpt, Brine Sprayer		3,628	
Equipment	Maintenance Eqpt, Kubota Tractor: Replace		34,161	
Equipment	Maintenance Eqpt, Trailer, Flatbed for Excavator			7,234
Equipment	Maintenance Eqpt, Truck, Mazda, 2006			33,547
Mailbox	Mailbox Cluster: Replace, Longmire			28,848
Bathroom	Septic System, Reichel Beach: Replace	51,191		
Bathroom	Septic System, Sunset Beach: Replace	51,191		
Bathroom	Bathroom: Refurbish, Division 7 (AKA Harrington Park)		10,503	
Bathroom	Bathroom: Refurbish, Sports Court		10,503	
Bathroom	Bathroom: Refurbish, Sunset		21,006	
Bathroom	Bathroom: Refurbish, Windy		10,503	
Bathroom	Bathroom: Refurbish, Rampart			10,818
Beach	Irrigation System, Reichel Beach: Repair/Replace		10,927	
Sport/ park	Sports Court, Rampart: Resurface	94,966		
Sport/ park	Trails: Horseshoe Trail: Major Maintenance	28,856		
Sport/ park	Benches & Picnic Tables: Replace w/ metal		10,609	10,927
Sport/ park	Bridge, Blue Lake, Lower Spillway: Repair/Replace		8,583	
Sport/ park	Cabana Siding: Repaint		7,957	
Sport/ park	Cabana, Hi Lo		28,220	
Sport/ park	Cabana, Longmire		29,493	
Sport/ park	Cabana, Pool		28,114	
Sport/ park	Cabana, Sunset		28,114	
Sport/ park	Trails: Maintain / Repair		7,723	
Sport/ park	Bridge, Bear Island: Repair/Replace			6,873
Sport/ park	Cabana, Vine Lane			30,378
Sport/ park	Cabana, Windy			30,378
Sport/ park	Horseshoe Pit, Longmire, Roof: Replace			4,218
Sport/ park	Parking Lots: Pool/ Sunset			16,391
Sport/ park	Recreation Equipment, Pool			30,815
Subtotal Other Assets		\$ 253,911	\$ 263,135	\$ 214,732

Clearwood Community Association

3 Year Projected Outlook on Reserve/ Capital Asset Expenditures from Reserve Funds

6/19/2024		2025	2026	2027
	Total- Projected Expenditure All Assets	\$ 538,391	\$ 3,000,015	\$ 1,567,096
	Estimated 10% contingency	\$ 53,839	\$ 300,002	\$ 156,710
	Grand Total- Projected Expenditure All Assets + Contingency	\$ 592,230	\$ 3,300,017	\$ 1,723,805
	Net Available Reserves (Available Cash Less Projected Expenditures with Contingency)	\$ 2,310,898	\$ 805,557	\$ 947,534
	NOTES			
	Based on CCA 2024 Community Plan 1 and 3year goals and current condition of assets, and KPF 5/13/2024 memo for updated cost of Roads and Water Projects (CCA- Future Planning Cost Projections)			
	Does not includes funding for a Skate Park or Skate Spot - Requires additional funding and input from Board.			
	*Includes all Reserve Funds- General Reserves, Future Reserves, Water Reserves, & Impact Fees 2025 Balance Projected as of 05/31/2024			
	**Reserve Assessment Income: General Reserves, Future Reserves, & Water Reserves COLA = Cost of Living Adjustment, based on Seattle-Tacoma CPI (Consumer Price Index)			

ASSET VALUE BY ASSET TYPE 2024 (\$'S)



As can be seen from the pie chart above, *nearly 60% of the assets are/have been replaced* during the planned roads, water, and completed Well 6/7 projects (apx 50% of the well assets are Well 6/7).

Ranked 1-Year Reserve Goals

As ranked by the Board of Directors at the 06.21.2023 Strategic Planning II meeting.

Expert from CCA 2024 Community Plan

Goal	Final Ranking	Notes
Roads & Water 10-Year Plan	A	Stay the course.
New Admin Office & Septic Design	A	\$50k included in 2023 Reserve Budget for Design. Board approved design scope at 06/24/2023 Board meeting.
New Admin Septic Construction	A	Size new septic system consistent with Baker drawing.
Design & Construction of a Skate Park	A	May be insurance restrictions. City of Yelm paid \$409,300 for an 8,300 square foot park, which is consistent with apex. \$45/ sq ft estimate. Using those two numbers, a tennis court sized park, which is 2,800 sq ft, would be \$100k - \$150k.
Rampart Sports Court Design/ Construction & HiLo Sports Court Assessment	A	
Rebuild Parking at Sunset wood lot	B	With these in hand, we are positioned to make intelligent and informed decisions.
Reconfigure Parking at Pool & consider moving a playground	D	
Playground Improvements – Pool	E-F	Low priority for In-House capital.
Rebuild Parking at Windy	F	
Wayfinding Signage	F	
"Vandalism Proof" Asset replacement	YES!	Stay the course with replacement of assets, as needed, with "vandalism proof" assets for asset including but not limited to: picnic tables, sinks, toilets, urinals, & garbage cans.

Reserve Fund 3-Year Goals - 2026

Roads & Water
10 Year Plan

Stay the
Course

Security

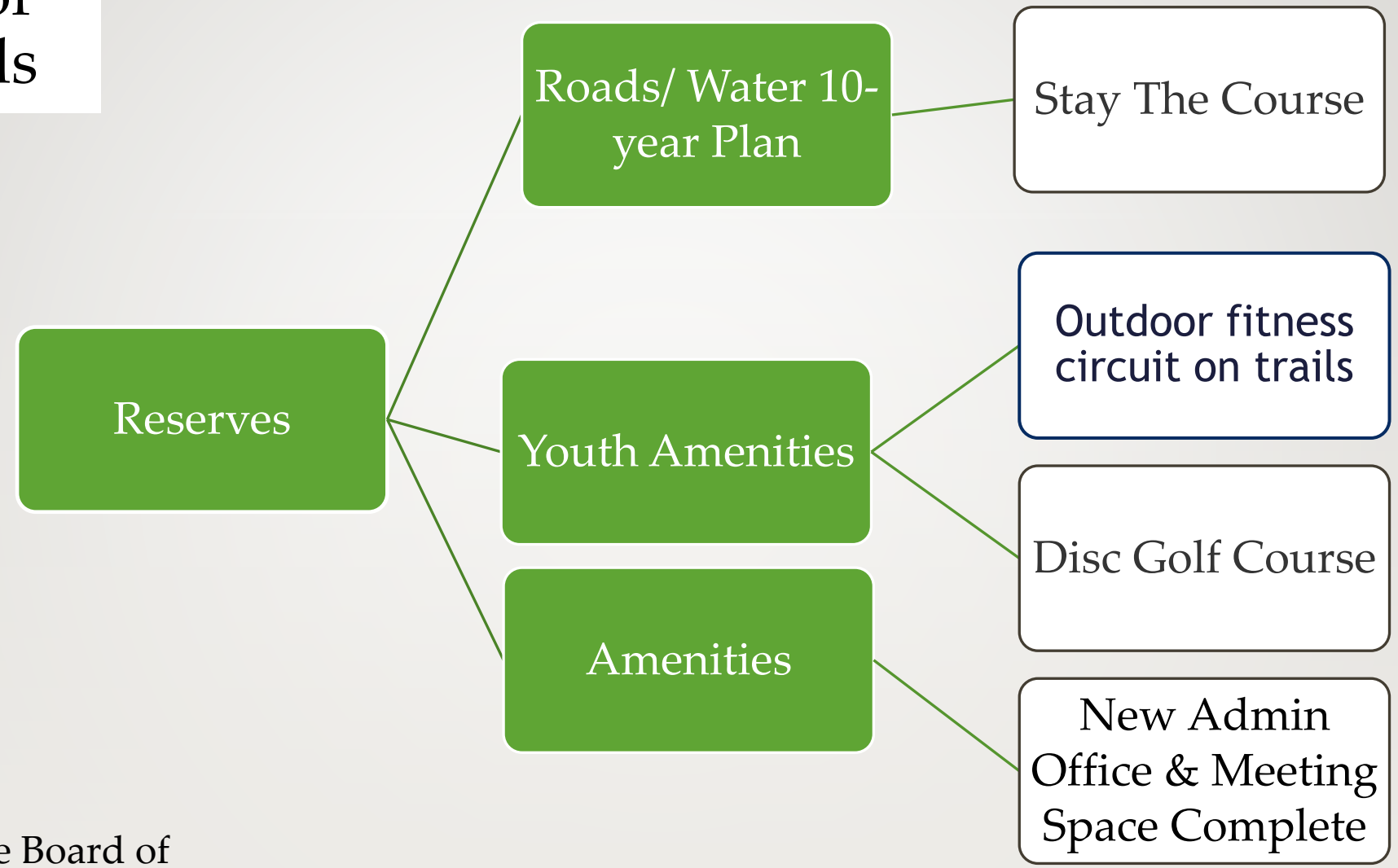
Modernization
of Gate System

New Building

Update Septic
and Parking

Expert from CCA 2024 Community Plan

Summary of 5-Year Goals



As updated by the Board of Directors at the 06.21.2023 Strategic Planning II meeting.



DRAFT Technical Memorandum

Date: May 13, 2024
To: Racheal Paige, Clearwood Community Association
Jennifer Spindle, Spindle Office Solutions
Mitch Waterman, MA Waterman Consulting
From: Kellen Miller, KPFF Consulting Engineers
RE: Clearwood Community Association - Future Planning Cost Projections

1.0 General Summary

KPFF prepared a 10-Year Capital Improvements Plan in 2021 to assist the Clearwood Community Association (CCA) with future planning efforts regarding roadway and water system improvements. Since the preparation of the 10-Year Capital Improvements Plan, two projects have undergone construction contracting. Construction cost inflation and the inclusion of unanticipated improvements has escalated project costs to where CCA must adjust budgets for future project planning purposes. This memo details cost changes associated with 'Project 2 – N Clearlake BLVD SE,' as identified in the 10-Year Capital Improvements Plan, compared to the contracted 2024 construction project. Project budget escalations are included to assist the CCA in future planning efforts, as determined through the project cost comparison.

2.0 Project Cost Comparison

See Table 1 for a summary of the estimated 'Project 2 – N Clearlake BLVD SE' cost, versus the bid cost received from Rognlin's on March 22, 2024.

Table 1:

Estimated Cost:	Bid Cost:	Difference:	Difference Percentage:
\$1,062,864	\$1,664,225	\$601,361	56.6%

The Bid Cost includes additional design items, not accounted for in the 2021 estimate for the project and also not anticipated to be included in other future projects. These items are identified below.

1. Roadway Widening
2. ~480 LF of 4" Water Main
3. 8" Culvert Installation

With the removal of the line items 1-3 from the Rognlin's bid cost, an "Adjusted Bid Cost" can be determined to identify a more representative Difference Percentage.



The 'Adjusted Bid Cost' was determined by subtracting the Engineer's Estimated costs associated with the line items 1-3 from Rognlin's Bid Cost. See Table 2 for a summary of the Adjusted Bid Cost.

Table 2:

Estimated Cost:	Adjusted Bid Cost:	Difference:	Difference Percentage:
\$1,062,864	\$1,457,865	\$395,001	37.2%

Based on this analysis, it is recommended that the estimated project costs from the 2021 10-Year Capital Improvements Plan are increased roughly 37.2% to accommodate for construction inflation, and other anticipated project costs not fully accounted for in the 2021 10-Year Capital Improvements Plan.

Clearwood Community Association

Planned Roads and Water Work based on KPFF's Engineering Report in 2021 dollars plus 37.2% escalation on construction projects and corrected sales tax rate of 8.3%

Does not include completed Roads and Water Projects.

****This report is All in 2024 Dollars. Reserve Study & Planning documents include a 3% escalation every year for inflation.**

6/18/2024

Sum of 2024 \$'s WITH Sales Tax on Construction Costs			YEAR of work								
Design/ Construction	year of work 2	Project Location	2025	2026	2027	2028	2029	2030	2031	2032	2033
DESIGN	2025	9 - Bluewater DR SE & Associated Roadways I	\$ 130,563								
DESIGN	2026	10 - Bluewater DR SE & Associated Roadways II		\$ 116,476							
DESIGN	2028	4- Rampart DR I				\$ 167,807					
DESIGN	2028	5- LAKE & POOL ACCESS- DESIGN				\$ 19,348					
DESIGN	2028	5- Rampart DR II				\$ 90,666					
DESIGN	2030	6 - Upland RD, Clearland BLVD, and Cul-De-Sacs						\$ 214,760			
DESIGN	2031	7 - Divisions 1, 2, 3 & Clear Lake BLVD							\$ 139,671		
DESIGN	2032	8 - Overlake CT and Cul-De-Sacs in Divisions 6 & 17								\$ 233,996	
DESIGN	2033	11 - Divisions 4 & 18 Roadways									\$ 169,061
DESIGN	2034	12 - Divisions 1 & 2 Roadways									
DESIGN	?	3- Autumnwood CT SE									
DESIGN Total			\$ 130,563	\$ 116,476		\$ 277,821		\$ 214,760	\$ 139,671	\$ 233,996	\$ 169,061
CONSTRUCTION	2026	9 - Bluewater DR SE & Associated Roadways I		\$ 898,147							
CONSTRUCTION	2027	10 - Bluewater DR SE & Associated Roadways II			\$ 801,239						
CONSTRUCTION	2029	5- LAKE & POOL ACCESS- CONSTRUCTION					\$ 133,094				
CONSTRUCTION	2029	5- Rampart DR II					\$ 623,695				
CONSTRUCTION	2030	4- Rampart DR I						\$ 1,154,349			
CONSTRUCTION	2031	6 - Upland RD, Clearland BLVD, and Cul-De-Sacs							\$ 1,477,343		
CONSTRUCTION	2032	7 - Divisions 1, 2, 3 & Clear Lake BLVD								\$ 960,803	
CONSTRUCTION	2033	8 - Overlake CT and Cul-De-Sacs in Divisions 6 & 17									\$ 1,609,669
CONSTRUCTION	2034	11 - Divisions 4 & 18 Roadways									
CONSTRUCTION	2035	12 - Divisions 1 & 2 Roadways									
CONSTRUCTION	?	3- Autumnwood CT SE									
CONSTRUCTION Total				\$ 898,147	\$ 801,239		\$ 756,789	\$ 1,154,349	\$ 1,477,343	\$ 960,803	\$ 1,609,669
Grand Total			\$ 130,563	\$ 1,014,623	\$ 801,239	\$ 277,821	\$ 756,789	\$ 1,369,109	\$ 1,617,014	\$ 1,194,799	\$ 1,778,730

Does not include completed Roads and Water Projects.

Clearwood Community Association

Planned Roads and Water Work based on KPFF's Engineering Report in 2021 dollars plus 37.2% escalation on construction projects and corrected sales tax rate of 8.3%

****This report is All in 2024 Dollars. Reserve Study & Planning documents include a 3% escalation every year for inflation.**

6/18/2024

Sum of 2024 \$'s WITH Sales Tax on Construction Costs			2024	2035	Grand Total
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DESIGN	2026	10 - Bluewater DR SE & Associated Roadways II			\$ 116,476
DESIGN	2028	4- Rampart DR I			\$ 167,807
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DESIGN	2028	5- Rampart DR II			\$ 90,666
DESIGN	2030	6 - Upland RD, Clearland BLVD, and Cul-De-Sacs			\$ 214,760
DESIGN	2031	7 - Divisions 1, 2, 3 & Clear Lake BLVD			\$ 139,671
DESIGN	2032	8 - Overlake CT and Cul-De-Sacs in Divisions 6 & 17			\$ 233,996
DESIGN	2033	11 - Divisions 4 & 18 Roadways			\$ 169,061
DESIGN	2034	12 - Divisions 1 & 2 Roadways	\$ 120,801		\$ 120,801
DESIGN	?	3- Autumnwood CT SE			
DESIGN Total			\$ 120,801		\$ 1,403,149
CONSTRUCTION	2026	9 - Bluewater DR SE & Associated Roadways I			\$ 898,147
CONSTRUCTION	2027	10 - Bluewater DR SE & Associated Roadways II			\$ 801,239
CONSTRUCTION	2029	5- LAKE & POOL ACCESS- CONSTRUCTION			\$ 133,094
CONSTRUCTION	2029	5- Rampart DR II			\$ 623,695
CONSTRUCTION	2030	4- Rampart DR I			\$ 1,154,349
CONSTRUCTION	2031	6 - Upland RD, Clearland BLVD, and Cul-De-Sacs			\$ 1,477,343
CONSTRUCTION	2032	7 - Divisions 1, 2, 3 & Clear Lake BLVD			\$ 960,803
CONSTRUCTION	2033	8 - Overlake CT and Cul-De-Sacs in Divisions 6 & 17			\$ 1,609,669
CONSTRUCTION	2034	11 - Divisions 4 & 18 Roadways	\$ 1,162,979		\$ 1,162,979
CONSTRUCTION	2035	12 - Divisions 1 & 2 Roadways		\$ 830,994	\$ 830,994
CONSTRUCTION	?	3- Autumnwood CT SE			
CONSTRUCTION Total			\$ 1,162,979	\$ 830,994	\$ 9,652,311
Grand Total			\$ 1,283,780	\$ 830,994	\$ 11,055,460

Clearwood Community Association
New Administration & Community Meeting Space Building Cost Estimate

5/29/2024

	Per SF	SF	Total (2024 \$'s)
Building, electrical, Plumbing, internet lines, Site prep (dirt work)	\$ 310.00	4250	\$ 1,317,500
Parking Lot			250,000
Furniture, etc.			\$ 40,000
Subtotal			\$ 1,607,500
Sales Tax		8.3%	133,423
Subtotal w/ sales tax			\$ 1,740,923
Engineering Design, Permitting, Inspection (EDI)	\$ 35.00	4250	148,750
Subtotal w/ EDI			1,889,673
Contingency		10%	\$ 188,967
Total Estimated Cost of New Admin & Community Meeting Space Building			\$ 2,078,640
			Rounded \$ 2,100,000

Notes

Estimate completed by Racheal Paige, Jennifer Spidle, and Mitch Waterman using the engineering scope performed by J2 (12/1/2023) as a basis for the estimate.

*No wetland mitigation required at Admin building site

SF = Square Feet



Thank you

- **Jennifer Spidle, CPA**
- **Accounting Manager**
- **Owner of Spidle Office Solutions**
- **AccountingManager@clearwood.org**