

Pebble Beach Villas Condominium Association, Inc.

Adopted 1/1/23-12/31/23 Operating Budget

Prepared By Elliott Merrill Community Management

11.7.22

	2022 Estimated Expenses Total	2022 Adopted Budget	2023 Adopted Budget
ADMINISTRATIVE			
Annual Review & Tax Preparation	1,750	1,750	1,900
Corporate & Condominium Fees	349	349	349
Income Tax	500	500	500
Insurance	116,282	112,529	162,000
Legal Services	2,063	3,000	3,000
Management Services	24,879	24,879	26,607
Office Supplies, Copies, & Postage	5,151	3,500	4,500
Telephone	1,943	1,450	2,200
Total	152,917	147,957	201,056
BUILDING OPERATIONS & MAINTENANCE			
Building Maintenance Supplies & Repairs	12,411	10,300	14,020
Pest Control: Buildings	7,268	6,500	7,500
Cleaning Labor	4,880	5,000	5,600
Maintenance Labor	38,484	38,504	41,312
Total	63,043	60,304	68,432
LANDSCAPE & GROUNDS			
Landscape Maintenance	32,959	31,848	33,756
Irrigation Supplies & Repairs	2,069	3,600	3,600
Irrigation Water	4,835	4,000	5,850
Landscape Replacement & Mulch	13,217	13,200	14,000
Landscape Weed, Pest & Fertilizer	5,220	5,512	5,701
Tree Trimming	7,500	8,000	9,500
Total	65,800	66,160	72,407
RECREATION FACILITIES			
Clubhouse Service & Repairs	2,721	3,000	3,000
Pool Supplies & Repairs	7,271	3,000	4,000
Tennis Court Repairs	300	600	600
Total	10,292	6,600	7,600
UTILITIES			
Electricity	11,619	9,200	12,200
Trash Removal	11,221	11,000	11,726
Water & Sewer	26,505	26,000	30,746
Total	49,345	46,200	54,672
MISCELLANEOUS			
Contingency	842	0	6,900
Total	842	0	6,900
OPERATING EXPENSES TOTAL	342,239	327,221	411,067

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LAUNDRY INCOME/EXPENSE			
Laundry Income	(3,128)	(3,000)	(3,000)
Laundry Expense	468	3,000	3,000
Total	(2,660)	0	0
TOTAL OPERATING EXPENSES	339,579	327,221	411,067
RESERVE CONTRIBUTION	112,467	112,467	103,001
TOTAL OPERATING & RESERVES	\$452,046	\$439,688	\$514,067

	MONTHLY ASSESSMENTS		
	Units & Percentage of Assessment	2022	2023 Assessments
Three Bedroom A10	(1) 1.60%	\$586	\$685
Three Bedrooms: A05, B15, B20, C25, C30, D35, D40, E45, E50, F65, F70, G55, & G60	(13) 1.64%	\$601	\$703
Two Bedrooms: H71 & H72	(2) 1.30%	\$476	\$557
Two Bedrooms: A1, A2, A3, A4, A6, A7, A8, A9, B11, B12, B13, B14, B16, B17, B18, B19, C21, C22, C23, C24, C26, C27, C28, C29, D31, D32, D33, D34, D36, D37, D38, D39, E41, E42, E43, E44, E46, E47, E48, E49, G51, G52, G53, G54, G56, G57, G58, G59, F61, F62, F63, F64, F66, F67, F68, & F69	(56) 1.33%	\$487	\$570

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Reserve Contributions

	Estimated Useful Life	Estimated Remaining Life	Estimated Repair or Replacement Cost	Balance 1/1/2022	Contributions 2022	Expenses 2022	Estimated Balance 1/1/2023	100% Reserve Funding
Roofing	20	5	700,000	310,010	163,402		473,412	45,318
Buildings	20	9	200,000	22,040	91,085	31,848	81,277	13,191
Paving	25	6	170,000	63,079	15,274		78,353	15,275
Painting	8	8	125,000	95,160	8,426	116,938	(13,352)	17,294
Recreation	20	8	150,000	9,512	50,070	4,966	54,616	11,923
TOTAL			\$1,345,000	\$499,801	\$328,257	\$153,752	\$674,306	\$103,001

	<u>2022</u>	<u>2023</u>
Monthly Reserve Contribution per Unit	\$130	\$119

Pebble Beach Villas Condominium Association

2023 Operating & Reserves Narrative

Prepared by Elliott Merrill Community Management

11.7.22

ADMINISTRATIVE

Annual Review & Tax Preparation: The cost for Gerald Jackson, Jr. CPA to do the annual review of the financial condition of the association accounts. Also includes cost of preparing State and Federal taxes.

Corporate & Condominium Fees: This is the cost to register the association with the Florida Bureau of Condominiums and the corporation with the Florida Secretary of State. The condominium fees are \$4.00 per unit x 72 = \$288 per year and the corporate filing fee is \$61.25 annually.

Income Tax: This is the projected tax to be paid for 2023 revenue.

Insurance: The agent is AssuredPartners (f/k/a) Ranew Insurance Agency of Melbourne, Florida. The 2022-23 insurance package includes:

Property Policy	11/1/22	\$ 146,601
General Liability	11/1/22	\$ 4,524
Crime & D&O	11/1/22	\$ 2,412
Umbrella Liability	11/1/22	\$ 2,345
Workers Compensation	11/1/22	\$ 599
Finance Charges		<u>\$ 2,000</u>
		\$ 158,481

This budget projects monthly expense of \$13,207 for 10 months and \$14,966 for the last two.

Legal Services: This is an estimate for routine legal services including legal opinions, document changes, etc.

Management Services: The personnel involved in the day-to-day management of your community. This includes a manager, administrative assistant, clerical staff, accounting staff in both the accounts payable and accounts receivable departments, human resources support and a purchasing agent.

Manager: Management and supervision of on-site staff, contracted services (cleaning, landscape, pest control, etc.), and other licensed contractors retained from time to time (tree trimming, painters, etc.). Management costs include manager's salary and benefits, liability insurance, transportation and communication costs, emergency on-call service and central office equipment and overhead. Managers must be licensed by the State of Florida in order to provide management services as outlined.

Administrative Assistant: Experienced problem solver handling all association communications, both oral and written, with owners, board members, on-site staff, contractors, vendors, realtors etc. Coordinates all maintenance requests, maintains the association's corporate records, files and types the monthly manager reports, property inspections reports, rules and regulations enforcement letters, processing rental and ownership transfer applications, and annual/budget meeting materials.

Financial Administration: Monthly services to maintain the association's accounts, pay bills, prepare monthly financial reports for the board send assessment notices, collect assessments, follow-up with late notices on delinquent accounts, reconcile bank accounts, file year-end tax reports prepared by others, and maintain owner mailing lists.

Purchasing Agent: The purchasing agent handles purchasing and delivering of supplies for the Association with the manager's approval, thus freeing up time for the managers.

Office Supplies, Copies, & Postage: This is an estimate for postage, copies, long distance calls, general clerical supplies used by the management company and the Board of Directors for association business.

Telephone: This is the cost for the telephone used by the Board of Directors and management for conducting condominium business. 2022 cost averages \$183 per month.

BUILDING OPERATIONS & MAINTENANCE

Building Maintenance Supplies & Repairs: This is an estimate that includes all material and labor for unanticipated maintenance and repairs by contractors such as electricians, plumbers, locksmiths, etc. This also includes building cleaning supplies. This category will now also include the cost of maintenance for the security system (\$2520). Major repairs in 2022: stucco repairs on all buildings prior to painting, sidewalk repair, repairs to sanitation fencing and beach gate.

Pest Control: This is the cost for Terminix to treat the building common areas and perimeters in 2023 for \$5,388 per year, plus an annual drywood termite treatment at \$2,000.

Cleaning Labor: This is the cost for Norliz Cleaning Service to clean the clubhouse every week December through May and bi-monthly June through November. This also includes cleaning the laundry room once a month. This service has increased to \$140 per week for 40 weeks of cleaning.

Maintenance Labor: This is the cost for an on-site maintenance person for 24 hours per week. This includes wages, social security, health insurance, payroll taxes, liability insurance, and worker's compensation.

LANDSCAPE & GROUNDS

Landscape Maintenance: This is the cost for Year Round Landscaping for 2023 at \$33,756 (\$2813/mth). This includes mowing and edging once per week, March-November, and as needed between December-February. This includes trimming of the entire property once a month.

Irrigation Supplies & Repairs: Parts for irrigation system, repairs of timers, sprinkler heads, pipe parts and outside contractor when needed. On-site staff does minor repairs. Volume discounts of 25%-85%, obtained by Elliott Merrill, are passed on directly to the association. Volume discounts represent significant savings to the association in parts and labor. Major expenses in 2022 included a mainline repair at the entrance to the property and by building B.

Irrigation Water: This is the cost for irrigation water provided by the City of Vero Beach "reuse water" for all landscaped areas.

Landscape Replacement & Mulch: This is an estimated cost for the purchase of plants, flowers, and sod to maintain existing appearance. It includes plans to install 52 cubic yards of mulch each year. 2022 expenses included landscape improvements east of building G, and removal of diseased tree by the mailboxes.

Landscape Weed, Pest & Fertilizer: Contract with NativeGreen. This is the cost to treat the plants for pests and fertilize six times per year and treat sod for pests and fertilize six times per year. Also includes chinch bug and mealy bug applications. This cost for 2023 is \$5,701 annually.

Tree Trimming: This is the cost of a tree service to trim approximately 169 palm trees, usually in August. The 2022 expense was \$3,900, in addition there was also a one-time expense for removing tree limbs for the painting project. This line item also provides for pruning of the carrotwoods and/or removal of various other trees on the property as determined by the landscape committee.

RECREATION FACILITIES

Clubhouse Service & Repairs: This is an estimate for service and repairs of the clubhouse (not including the two residential units) to include the awning, appliances, air conditioning unit, and pool deck furniture.

Pool Supplies & Repairs: This is an estimate for service and repairs to the motors, pumps, plumbing, lights, safety equipment, timers, and switches. Also includes the annual pool-operating permit of \$175. The maintenance person is certified to maintain the pool through the National Swimming Pool Foundation. Elliott Merrill Community Management provides this certification. 2022 expenses included two algae treatments, marcite repairs, and a new circulation pump.

Tennis Court Repairs: This is an estimate for minor repairs, replacement of nets and other equipment. There were no major expenses in 2022.

UTILITIES

Electricity: This is an estimate for common area electricity provided by FP&L. There is a separate meter for each building. It includes landscape, walkway, parking, and garage lights. In building H, it covers pool equipment and pool operations. The association is averaging about \$1,128 per month, but varies seasonally.

Trash Removal: This is the cost for Republic to pick up one time per week out of season (May 1st through October 31st) and two times per week in-season (November 1st through April 30th). Pricing increased due to new Republic contract with the Town in 2019/2020. The projected annual cost for this category is currently \$11,726. The cost to recycle paper, glass, aluminum and plastic removed by the same trash company used to be charged to each owner through unit property taxes.

Water & Sewer: This is an estimate for domestic water and sewer service in all units by the City of Vero Beach Utilities. This is averaging \$2,215 per month. Based upon recent COVB rate increases the category is be projected to rise by 16%

MISCELLANEOUS

Contingency: This is for the unexpected and unbudgeted maintenance items that may occur throughout the year. This also includes \$1,000 annual bonus for maintenance. Expenses in 2022 included a backflow valve repair by building D and sewage line cleanout at building B. Contingency was not funded for 2022; however, the Board decided to fund this category again for 2023.

LAUNDRY INCOME/EXPENSE

PB Villas collects income from communal washer/dryers to use for repairs to laundry equipment. 2022 expenses included re-keying all of the coin boxes to one key.

RESERVE CONTRIBUTION

The state requires the Association to show the cost to fully fund reserves. The Board has done that, and for 2023 the Board is recommending reserves be funded at 100%. The state requires owners to vote on reserve funding if funded at less than 100%. Pebble Beach Villas is currently maintaining five (5) reserve accounts. The money is held in a separate bank account.

Based upon a detailed review by members of the Finance Committee, Reserve estimates have been re-evaluated.

Roofing: This is an estimate for major repairs or replacement of the roofs in the community, including maintenance requiring sheathing, underlayment, and/or shingles, as well as the attic vents. This does not include the dryer vents. The roofing replacement cost estimate was increased in 2022 based on estimates from vendors. Replacement value is projected at \$700,000. There were no roof repairs in 2022.

Buildings: This is an estimate for major repairs or replacement of garage doors, shutters, stucco repairs, walkways, stairwells, common doors, lighting fixtures, soffits, gutters, downspouts, railings, concrete repairs, garbage enclosures, hurricane protection for common element windows and drywall repair replacement. This does not include repairs for damage to the garage door caused by the owner or the garage door openers. 2022 expenses included gutter and soffit repairs, stucco repairs at all buildings prior to the painting project, 14 new utility room doors, new door numbering, 4 benches, and new exterior building lighting. The replacement value for this reserve was raised to \$200,000 in 2022.

Paving: This is an estimate for asphalt replacement, repairs, resurfacing, or resealing of the paved areas.

Painting: This is an estimate for exterior painting of the buildings, walkways, stairwells, laundry rooms, storage rooms, and garage doors. The buildings were painted in 2022 and the Reserve cost estimate and lifespan has been reset to 8 years.

Recreation: This is an estimate for major repairs to the clubhouse awning, clubhouse heating/cooling system, floor coverings, appliances, furnishings, lavatory equipment, pool, pool deck, pool equipment, solar heating system, shuffleboard court, tennis court surface and fencing. The clubhouse was renovated and refurnished in 2012. The replacement value for this reserve has been raised to \$150,000 in 2022. 2022 expenses included a new pool pump. The Board is considering re-marclining the pool in spring of 2023