



# UNIVERSITY GLEN

## **Welcome to a Community Town Hall**

John Spoor Broome Library  
April 10, 2024

# Town Hall Topics



# Town Hall Topics

Governing Structure

Budget

Reserves

CAM Fee

Considerations

Q & A



# **GOVERNING STRUCTURE**

# Current Governance Structure



Site Authority

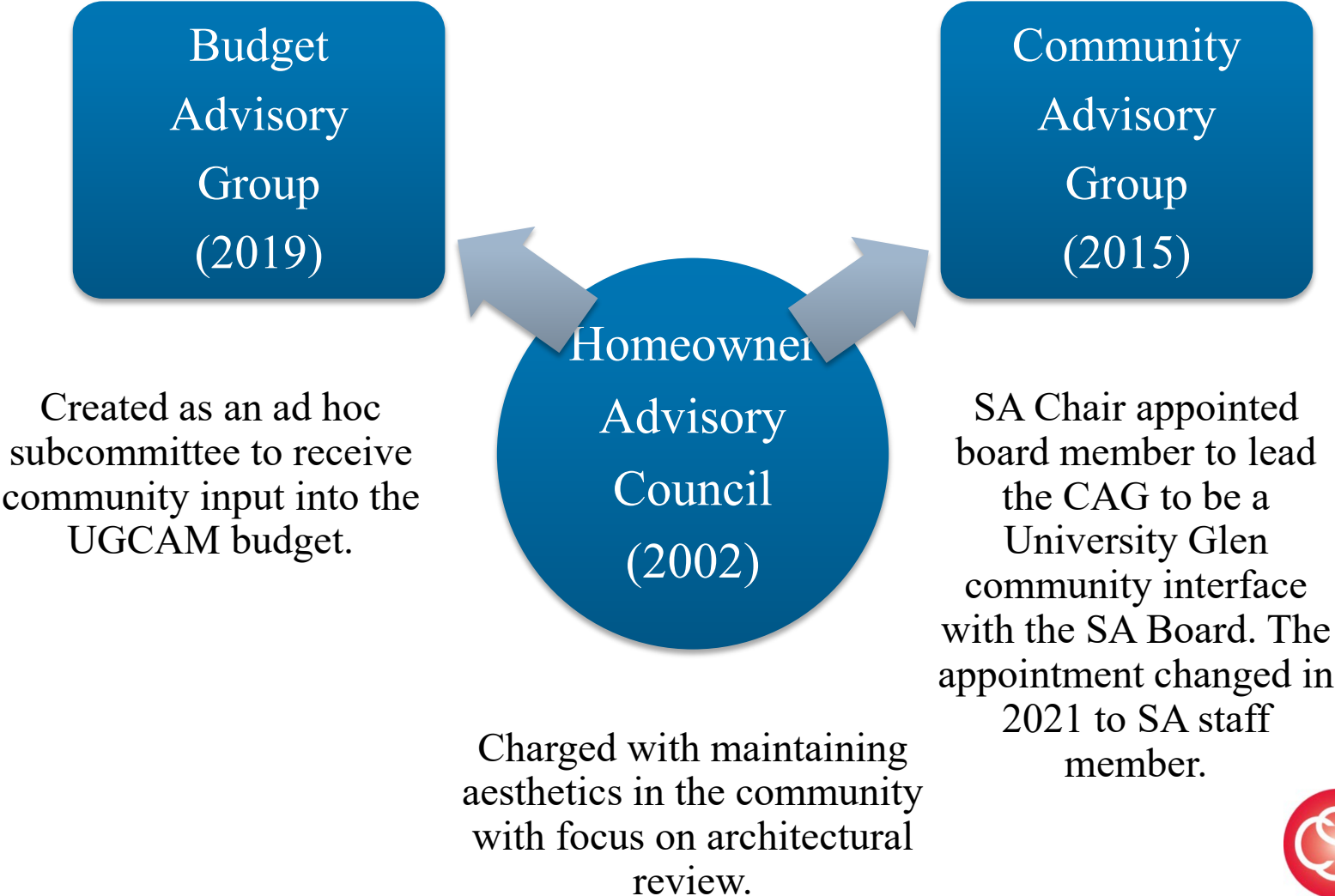
Site Authority board is responsible for the development of the site. Site Authority staff are responsible to the Anacapa and University Glen communities to facilitate the Ground Sublease which includes setting the Maximum Resale Price and managing the contract with the third-party property management company.

# Current Governance Structure

## Property Management Company

Contracted to prepare annual CAM budget, present to community and submit to SA; collect monies from tenants/sublessors; maintain books, records and documents relating to management and operation of property; provide monthly financial reports; liaison between residents and SA; ensure compliance with GSL; coordinates projects, maintenance, repair and renovation of common areas; facilitates reserve studies; competitively bids and prepares service contracts and submits to SA; acts as primary contact for service contractors and vendors, prepares common area billing process, ensures compliance with GSL from an accounting standpoint and more.

# Current Governance Structure



# Governance Timeline

- Home Sales and Operations
  - 2002-present CSUCI SA Staff
- SA Financial Reporting Oversight
  - 2002-2010 CSU Chancellor's Office
  - 2011-present CSUCI
- Property Management
  - 2002-2007 Alliance-external CO contract
  - 2008-2016 University Glen Corp-self-managed
  - 2017-present KW Properties



# Rationale for Revised Governance Structure

## Needs

- Clearly defined roles/responsibilities
- Simplified reporting structure
- Representation of Anacapa and University Glen communities
- Meetings scheduled to encourage wider participation
- Liaison to SA Board



# Proposed Restructured Governance for Discussion \*

*Anacapa Community Coalition / University Glen Community Coalition*

## Structure

- Coalition formed for each Community representing stakeholders (Anacapa & U Glen)
- Coalition elects Chair, Co-chair, Secretary
- Coalition forms 3-member (min.) subcommittees as needed
- Subcommittee chair is a member of Coalition

## Next Steps

- SA staff to draft proposal to present to communities for feedback
- Further define roles/responsibilities
- 5/1: Present refined option to community and SA Board
- 6/7: Target date for implementation

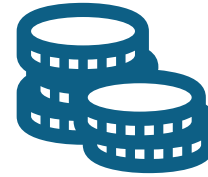
*\*For discussion purposes only - requires residents' input and feedback due to self-governing nature. Homeowners own the structure.*

# Restructured Governance Option - *continued*

## Membership/Subcommittees

### *University Glen Community Coalition*

- TH/SFD – 3
- Mission Hills Apt – 1
- Town Center/KW Properties - 1



Finance (includes budget)



Architectural Review (currently HAC)

### *Anacapa Community Coalition*

- TH/SFD – 3
- Vintage Apts – 1
- Villas Apts – 1
- KW Properties - 1



Landscaping



Any other subcommittee they chose

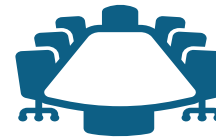
# Restructured Governance Option - *continued*

## Suggested Meeting Guidelines

### Suggested Meeting Guidelines

- Subject to Bagley-Keene (to be determined)
- Hold after work hours to increase community participation
- Post minutes to the websites
- Subcommittees to meet at their convenience and not less than once per quarter
- Coalition Chairs submit quarterly reports to SA Board meeting

### Other Required Attendees



Site Authority  
Staff  
Representative



Property  
Management  
Representative



Landscaping  
Contractor  
Representative



Coalition Representative  
from Other Community

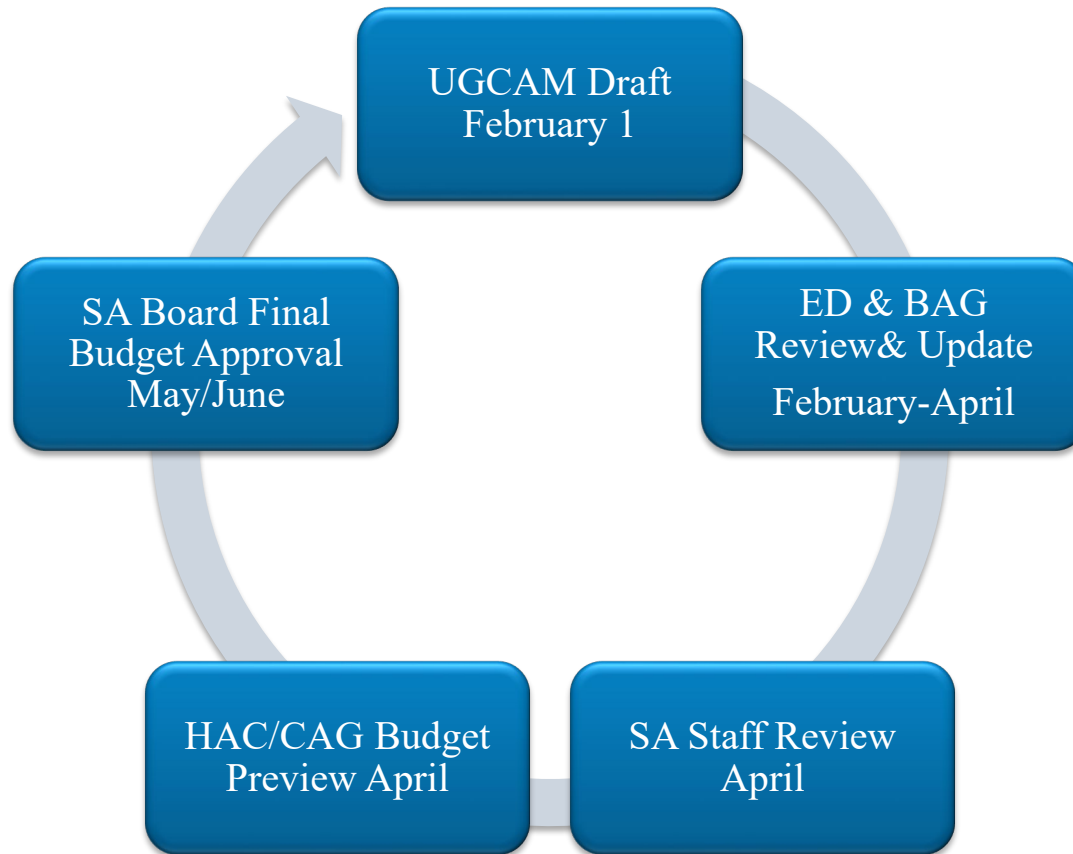


Channel Islands  
CALIFORNIA STATE UNIVERSITY



# **BUDGET**

# Budget Process



- UGCAM prepares initial draft and submits to Site Authority Executive Director of Operations
- Executive Director (ED) works with the Budget Advisory Group (BAG) to review and update
- Site Authority (SA) staff review
- Preview of final budget to HAC/CAG
- Final budget to the SA Board for approval at 2<sup>nd</sup> Q meeting

# How to Impact Budget

## Reduce Fixed Expenses

- Contracts
  - Property Management
  - Landscaping
  - Earthquake Insurance

## Reduce Variable Expenses

- Townhome Reserve
  - Remove components currently covered in the reserve
- Reduce level of service
- Remove unnecessary expenses

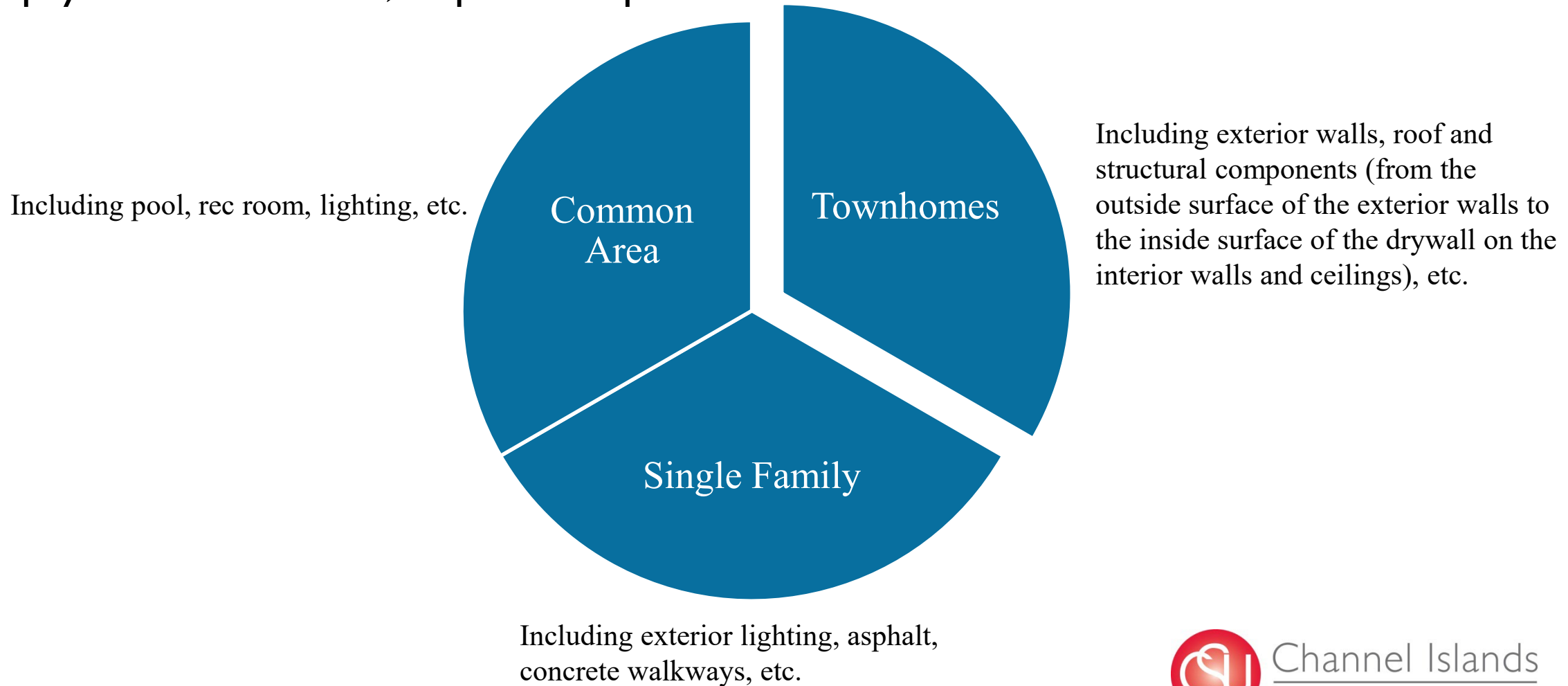


# **RESERVE CONTRIBUTIONS**



# Reserve Accounts

There are 3 reserve accounts set up for 3 areas that are funded by CAM fees to pay for Maintenance, Repair & Replacement.



# Best Practices

- Level 3 – “no site visit” Reserve Study reviewed annually
- Level 1 - “site visit” Reserve Study conducted every 3 years

## Measure of Strength:

**31% - 69% Funded** is generally considered a “fair” financial position. The majority of associations fall into this category. While this doesn’t represent financial strength and stability, the likelihood of special assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the reserve fund.

**70% - 99% Funded** is generally considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.

Sources: Complex Solutions Ltd. Reserve study reports prepared on April 13, 2022, June 30, 2021, and October 25, 2018. Memorandum from Complex Solutions Ltd. dated 1/31/2020 recommended that Townhomes reach 70% funded figure.

# Reserve Studies – Common Area

2019

- Level 1 (site visit)
- 81%
- \$1,134,984
- Recommend monthly contribution of \$18,000 (\$30.00/unit)
- Annual increases of 3.00% for 30 years and 3% thereafter

2020-21

- Level 3
- 84%
- \$1,235,390
- Recommend monthly contribution of \$18,850 (\$28.05/unit)
- Annual increases of 3.00% for 30 years and 3% thereafter

2022-23

- Level 3
- 65%
- \$1,092,826
- Recommend monthly contribution of \$21,000 (\$31.25/unit)
- Annual increases of 4.00% for 25 years and 2% thereafter

2023-24

- Level 3
- 73%
- \$1,288,599
- Recommend monthly contribution of \$22,000 (\$32.74/unit)
- Annual increases of 4.50% for 14 years and 3.50% thereafter

2022-23: Decrease in funding percentage attributed to an increase in currently programmed projections compared to FY2020 and an almost 100% increase in average current cost of pool maintenance and repair. Decrease in projected fund balance due to FY 2021 expenses (primarily landscaping refurbish and concrete/sidewalk work)  
*2021-22 Reserve Study not conducted due to pandemic impact on staffing.*

# Reserve Studies – Single Family

## 2019

- Level 1 (site visit)
- 82%
- \$58,871
- Recommend monthly contribution of \$775 (\$10.76/unit)
- Annual increases of 3.00% for 15 years; 2.00% thereafter

## 2020-21

- Level 3
- 138%
- \$71,475
- Recommend monthly contribution of \$550 (\$7.64/unit)
- Annual increases of 1.00% for 9 years; 4.00% thereafter

## 2022-23

- Level 3
- 82%
- \$79,616
- Recommend monthly contribution of \$870 (\$12.08/unit)
- Annual increases of 4.00% for 30 years and thereafter

## 2023-24

- Level 3
- 84%
- \$84,491
- Recommend monthly contribution of \$935 (\$12.99/unit)
- Annual increases of 4.50% for 21 years and 1.00% thereafter

2020-21: Increase in funding position attributed to an increase in useful life of some components due to work performed in prior year.

2022-23: Decrease in funding position primarily due to Exterior Lights component (\$54,000) added to the study.

*2021-22 Reserve Study not conducted due to pandemic impact on staffing.*

# Reserve Studies – Townhomes

2019

- Level 1 (site visit)
- 61%
- Projected Fund Balance (7/1/2019) = \$1,577,221
- Recommend monthly reserve contribution of \$36,000 (\$180/unit)
- Annual increases of 3.00% for 13 years and 1% thereafter

2020-21

- Level 3
- 57%
- \$1,679,353
- Recommend monthly reserve contribution of \$25,000 (\$125/unit)
- Annual increases of 3.00% for 12 years and 1.75% thereafter

2022-23

- Level 3
- 39%
- \$2,038,705
- Recommend monthly reserve contribution of \$46,000 (\$230/unit)
- Annual increases of 4.25% for 20 years and 1% thereafter
- **70% funded in 2036**

2023-24

- Level 3
- 41%
- \$2,323,516
- Recommend monthly reserve contribution of \$49,160 (\$245/unit)
- Annual increases of 4% for 30 years
- **65% funded in 10-Years model**

2022-23: Decrease in funding position attributed to a 39% increase in unit cost to replace the Tile Roofs, a 61% increase for HVAC Furnaces, and an average 9% increase in other components.

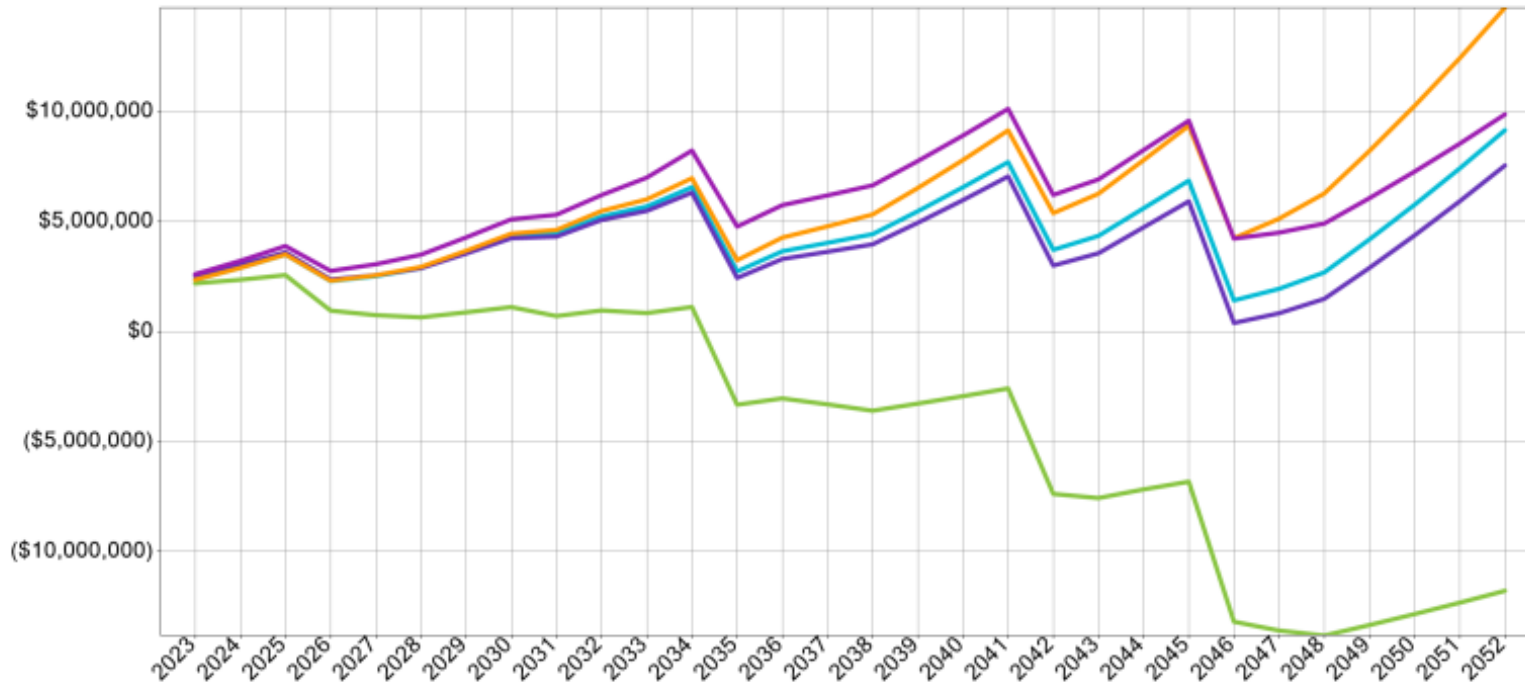
*2021-22 Reserve Study not conducted due to pandemic impact on staffing.*

Executive Summary

Summary of Funding Plans

★ Recommended funding plan

Funding Plans	Annual Reserve Contributions (Avg. Per Unit)	Monthly Reserve Contributions (Avg. Per Unit)	Meet All Anticipated Expenditures During Next 30 Years	1st Year of Reserve Deficit (if Applicable)	Average Reserve Balance Over 30 Years	Average Percent Funded Over 30 Years
Maximum Reserve Increase through 2024-2025, then 4% ★	\$336,096	\$140.04	Yes	N/A	\$4,458,909	48%
500k in 2023, 4% Increase	\$500,000	\$208.33	Yes	N/A	\$3,925,318	42%
Current	\$172,944	\$72.06	No	2035	(\$4,232,584)	7%
Maximum Reserve Increase through 2024-2025, then 5%	\$336,096	\$140.04	Yes	N/A	\$5,958,999	63%
Target: 65% Funded in 10 Years	\$589,920	\$245.80	Yes	N/A	\$6,049,128	65%

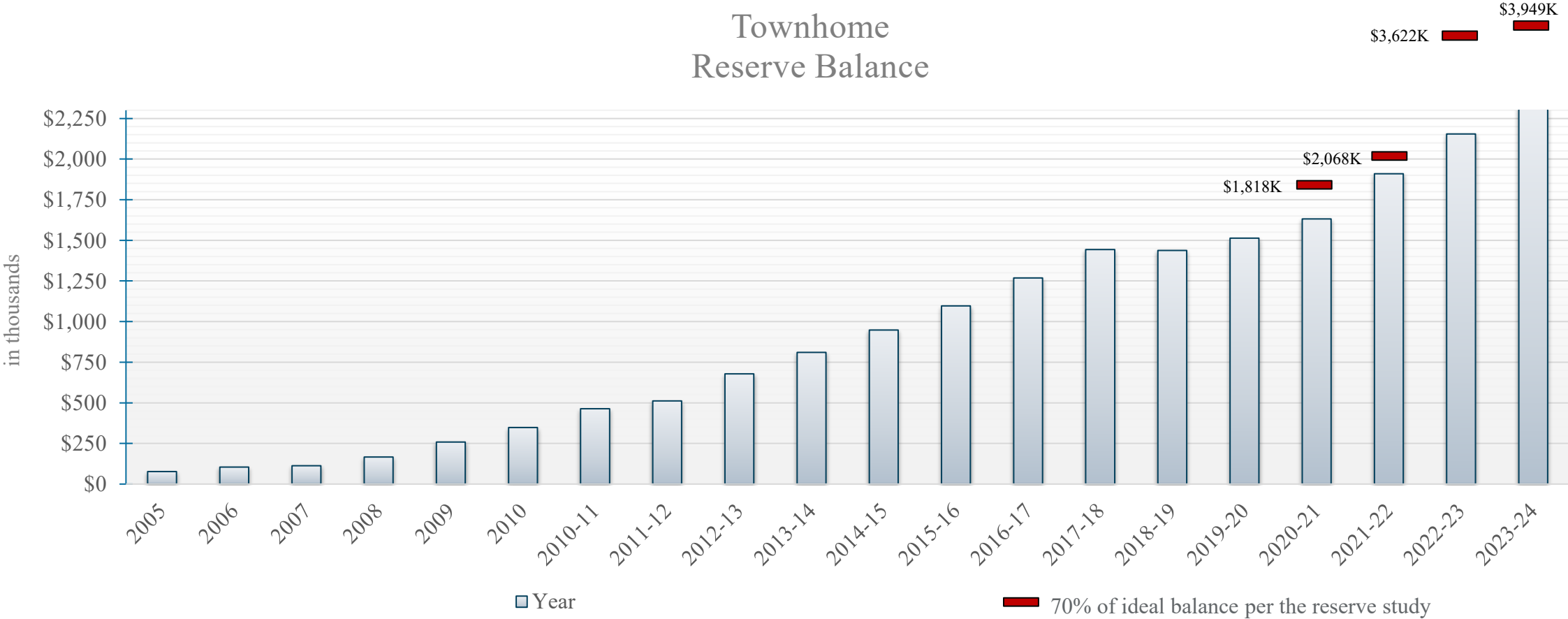


Ending Reserve Balance

- Maximum Reserve Increase through 2024-2025, then 4%
- 500k in 2023, 4% Increase
- Current
- Maximum Reserve Increase through 2024-2025, then 5%
- Target: 65% Funded in 10 Years

# TH Reserves History

Townhome Reserve Balance



# TH Reserve Analysis - 2020

	# Units	2020 Hypothetical Reserve Shortfall	2021	2022	2023
Rentals	88	\$170,923			
Owned	112	\$217,538			
Total	200	\$388,461	\$129,487	\$129,487	\$129,487

In 2020, a comprehensive townhome reserve analysis was conducted, and a hypothetical reserve study used the assumption the townhomes were a new community. The minimum recommended monthly reserve allocation per unit was \$106.25 based on a 70% funded level. The shortfall per unit was \$1942.31 (\$388,461 for 200 units).

As a good faith effort, the Site Authority Board contributed to the reserve balance to cover all 200 units to align with the hypothetical reserve study rather than a lesser contribution covering the rental units that were in their possession for approximately 10 years. The contribution was made in 3 annual installments.



# Summary

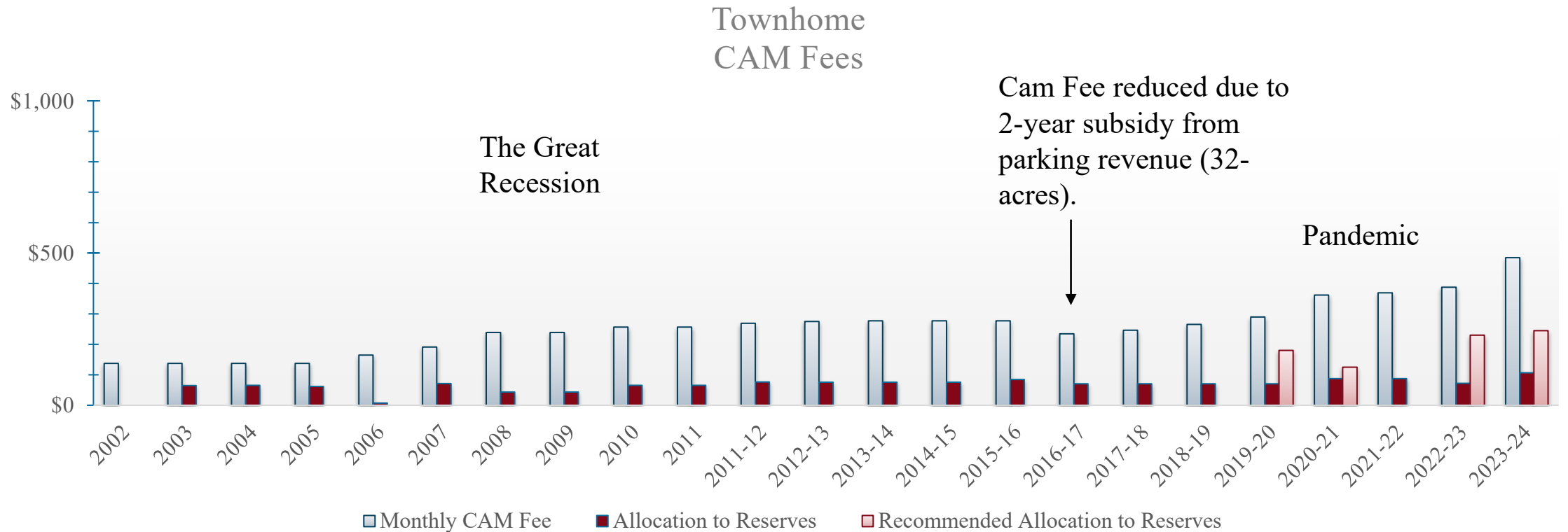
- Reserves for the Common Area (73%) and Single-Family (84%) residences are in a Strong position.
- Reserves for the Townhomes are considered to be in a Fair funded position.
- Site Authority made monthly CAM fee payments for the Townhome rentals that were consistent with for sale Townhomes while they were fully leased from 2008-17.

	<b># Units</b>	<b>2005-2007</b>	<b>FY 2008</b>	<b>FY 2008-17</b>	<b>FY 2018</b>
Rentals	88	Under Construction	Fully Leased	CAM Fees Paid Monthly	Rental Reserve Balance Transferred to TH Reserves

- Site Authority made an additional contribution exceeding \$388K to the TH reserves as a result of a 2020 analysis and hypothetical reserve study.

**CAM FEE**

# History & Current State Analysis



# CAM Fee Increases

## Causes

- Increase in management fee
- Increase in landscaping costs
- Increase in utilities (water/sewer)
- Increase in reserve allocation

## Considerations

- Change management company contract
- Decrease landscaping scope of services
- Change from shared expense to individual expense
- Remove components in reserve

# CAM Fee Comparison-Townhomes

	2023/24	2024/25 Draft	
Administrative	42.16	42.16	
Maintenance	55.31	57.17	
Utilities	137.49	138.10	
Landscaping	56.76	55.84	
Insurance-property	25.90	65.66	Underbudgeted 2023/24
Insurance-earthquake	34.21	41.06	
Reserves-common space	26.04	34.22	
Reserves-TH	106.90	106.90	
Total	484.76	541.10	

# Considerations

*Change water billing from shared expense to individual expense*

- Utilities
  - Install water meters on Townhomes and Detached residences
    - Only pay for what you use
    - Administration fee for 3<sup>rd</sup> party billing
    - Site Authority to pay cost of one-time installation
- Next Steps
  - Receive community feedback
  - Complete financial analysis/impact
  - Presentation to the SA Board

# Considerations

*Remove components in Townhome reserve*

## Furnace Component

- 17.4% of current replacement cost of total components
- \$1.6M current replacement cost
- \$1.8M anticipated replacement cost
- almost \$1.4M fully funded reserve
- 20-year useful life

*Per the 2023/24 reserve study*

## Next Steps

- Poll community to determine interest
- Request revised reserve study
- Provide data to community

# Considerations

*Reduce contract costs/reduce scope of services*

- Property Management Contract (in-process)
  1. Procurement posts opportunity on bidding sites (at no cost to residents)
  2. Bids received (3)
  3. Bids reviewed and bidders interviewed
    - a. Includes 2 members of HAC, SA Exec Director, Mission Hills rep.
    - b. Submit independent scores (one on proposal and one for interview) to Procurement
  4. Contract awarded Mid-April. Start date July 1, 2024
- Landscaping Contract (completed in 2022)
  - Awarded to Gothic Landscaping
  - May go out for bid prior to end of contract
  - Able to renegotiate terms prior to expiration



**Q & A**

# Resources for Answers to Your Questions

## Budget

Will Anacapa fees be added to our CAM budget? **No. The two communities have separate budgets.**

Can other insurance carriers be considered to reduce the premium? **Yes for earthquake insurance providers and no for property insurance. The carrier for property insurance is contracted by the Chancellors Office for all and there is a benefit of a reduced premium. Annual property insurance for townhome owners is \$787 for 2024/25.**

What is the explanation for an over 300% increase in water and sewer costs to SF and TH in 2 years? **Water usage has risen overall. Apartments are now charged based on metered consumption instead of per door. Water rate fee instituted in 2022-23 budget.**

Do we need a Common Area landscape renovation as opposed to just maintenance? **It is up to the community to decide.**

Why is landscaping the highest item on the budget? During summer months when there is not much rain, can the landscaping be twice a month instead of weekly? **The scope can be changed at anytime with the community recommendations.**

Can we stop using funds for social events? **Absolutely. That is a community decision.**

# Resources for Answers to Your Questions

## Operations

What is being done to lease two empty Town Center spaces? [Kennedy Wilson owns the Town Center properties and is actively looking for tenants.](#)

Will the SA Board consider changing their meeting time? [Yes. It will be added to the agenda for the next meeting for consideration.](#)

Can solar panels be installed to heat the pools? [Possibly. It will need to be researched and community members would need to agree to the installation expense.](#)

## GSL

Regarding amending the Ground Sublease: [Refer to Section 25 in the GSL for details.](#)

## Special Tax

Regarding the Special Tax and the two communities: [UG Website-current Homeowners/Owner Resources/Tax \(Special Tax Background Oct 2022.pdf\)](#)