

Citizens Council At Sun City Texas

December 4, 2009

Another Year of Community Association Progress and Growth

About this time of the year, we wonder where the past year has gone and how quickly it has passed. It is no different for our Community Association; we are highlighting the large number of significant events that occurred in our community in 2009 and will identify some issues that will carry over into 2010 and beyond. This has been a busy and progressive year for the CA:

Banking crisis and our banks

The CA and each of us entered the year with continued uncertainty about the strengths of our banking and investment institutions. Through sound financial policies and oversight by CA staff and the Finance Committee, the CA placed or had placed all investments in very sound institutions. Throughout the year, and as late as December, the CA has continued to monitor and analyze the continued strengths of these institutions.

2010 Budget and Challenges

The CA continues to grow in physical size as we add new neighborhoods, new homes and residents, new common areas and new amenities. Our CA 2010 budget, which the CA Board recently approved, totals some \$13,000,000 for both homeowner and golf operations while maintaining an annual Homeowner fee of \$1,000. The CA is clearly no small operation and is managed by a group of key staff with a dedicated professional employee base, including part-time resident employees.

Reserves, reserves, reserves

The CA, at year end, will have about \$6,000,000 set aside in reserve funds which are designated to repair, replace or maintain CA assets (including golf assets) that age or deteriorate over time. By community association standards, our community is very healthy in respect to the amount of reserve funds we have, and our budgets provide for continued contributions in 2010 to keep the reserve adequately funded after budgeted expenditures. A Full Reserve Study has been budgeted in 2010 to assure the CA that all assets, their age and replacement values have been updated and accounted for. With the addition of new amenities and a third golf course, this is a good time for a periodic check of the reserve funds.

Golf and Sports Operations

Highlights of CA golf operations was the first year's operation of our third golf course, Cowan Creek, and the playability of the course. Another significant event was the addition of more outdoor sports courts. An important highlight in sports operations and golf in particular occurred only two months ago when Ron Delaney joined the CA as Director of Operations – Sports. Ron's initial focus will be to develop a much needed longer range plan for the CA's golf operations. In the past, a one-year plan was usually the norm. The need for a long range plan for our golf operations is an absolute necessity to ensure our golf courses are self-sustaining when we reach final transition to self management. The 2009 golf operations have almost achieved budget projections (of a deficit); however, revenues were short by approximately \$390,000, which was offset by operations cost savings of a similar amount. These are wide variances and if one had not offset the other, the CA (if the deficit was not supported by the Developer) would have had to consider a special assessment for all the residents. Golf is an important component of our lifestyle whether some of us play golf or not. Recent budgets have been developed by the Golf Committee and the Developer with some input from EAGLE, the CA's golf operations contractor. For the 2010 Golf Budget, the CA staff and EAGLE attempted to put together the initial budget, but the Golf Committee together with the Developer's active participation again took over the process. Advisory Committees, such as Golf, do not have any chartered operations responsibilities or budget accountabilities. As such, all CA Committees should advise on the budget and not be the primary authority on it. In addition to his role in developing a long range plan for golf and sports operations, Ron Delaney will be responsible for meeting a 2010 golf operations budget that neither he nor the CA staff have had much input. While the "safety net" for not meeting this budget is the Developer picking up any deficit in expenses exceeding revenue until transition, the CA needs to be looking at the future of golf operations that will ensure our courses are cost effective and deliver a quality golfing experience to residents. This would include charging reasonable fees to fully cover all golf operations including contingencies for shortfalls.

Human Resources Conversion

Tasked late in the year to convert all CA employees off a Developer managed and administrated HR system and payroll to a CA managed HR and payroll system, the CA Board appointed a Task Force to study the job and recommend a plan. The Task Force, using experienced resident volunteers, recommended and the CA Board approved, a Professional Employment Organization (PEO) to formally take over this administration on January 1, 2010. This particular conversion project is an important step for the CA in the eventual transition from a Developer to a Resident controlled Community Association. The selected PEO is Paychex Business Solutions, a leading corporation in this field. Our CA employees remain our CA employees, a value that is hard to quantify in terms of the service and work that they perform for the residents and the maintenance of the CA's assets and property.

Information Technology Conversion

Along the same lines as the HR Conversion, the CA Board charged an appointed a Task Force who, working with other resident volunteers, interviewed candidate companies, prepared and sent out a Request for Proposal, analyzed and compared proposals and recommended an IT provider which the CA Board approved. The selected company, Vintage IT Services, is an Austin based company that will become involved as soon as the Developer's IT staff starts to separate the existing IT infrastructure from the Developer system thereby allowing the CA to have its own stand-alone system that it can better managed.

Updated CC & R's and Updated By-laws

A multi-year project assigned by the CA Board to the Special Projects Committee was completed this year resulting in updated CC & R's and By-laws that will carry the CA through transition. Seldom does a Developer allow any changes to the CC & R's or By-laws prior to its relinquishment of control to the residents. After much discussion, with positive and negative views expressed, the CA Board and Developer approved the changes, and they have been registered with the necessary authorities. The CC & R's and By-laws provide all of us with the ways and means that will keep our community what it is – wonderful!

Updated Rules and Regulations

As is common each year, the CA staff conducts a polling and solicits input from all parties relative to the rules and regulations that govern our Chartered Clubs and the use of all of our facilities. The CA Board recently approved all changes and 2010 fees related to this important document.

Amenity Package Delivery

The much awaited final round of Amenities to be provided by the Developer started being transferred to the CA earlier this year. Despite a disheartening economy, a major merger with a previous competitor and facing a dismal new housing market, the Developer delivered what it committed to over two years ago without delays and without any holding back on its commitment. Among the first part of the final round of amenities were: four new pickle ball courts; four additional tennis courts; two additional bocce courts with all concrete work done for a possible CA expansion in the future; a new billiards hall and additional office space for CA staff; a large building to house fabric and fiber activities; expansions of space for visual arts, photography; fine china; creative clay and stained glass; a large expansion of the woodshop. Expansions of the computer/ cyber center, creation of a resource room, expansion of the library space and revisions to the Social Center lobby immediately followed.

More Amenities to come

As soon as the first part of the Amenity Package was delivered, the Developer immediately started construction on the new Cowan Creek Amenity Center, the second outdoor pavilion, the new amphitheater, the new softball field and the new dog park. Based on current progress, all of these amenities will be turned over to the CA before mid 2010. Work has also been initiated on the new Irrigation/ Fishing Pond with an anticipated completion next year.

Resident Director Elections

Another step toward Transition occurred in May when the number of resident Board members increased from two to four, and the method of voting for the CA Board elections changed to mail-in ballots for voting. While the voting power of the resident directors did not change, this event signaled that additional resident input would be given to each of the decisions facing the CA Board.

Board Look to the Future

With the increase of resident Board members on the CA Board, we have seen an increase in forward thinking concepts by two of the new resident directors. Forward thinking potentially will help guide and better manage our CA as it moves toward transition. Among these concepts are: a “Rainy Day” fund to cover potential budget deficits; a “New Capital Asset” fund to provide for future capital expenditures for expansions, new facilities or equipment; the concept of a “Financial Contingency Plan” that would be put into effect if an unforeseen event occurred; establishing a vision statement and annual goals for the CA; establishing a Compensation Committee on the CA Board to oversee future CA staff compensation issues. Some of these concepts are moving forward since the CA Board recently approved some of the concepts to work out the details. We can expect the CA Board to roll out these concepts in the coming months.

Severe Drought and Heavy Rains

We experienced a record setting 22-month drought that finally ended only a couple of months ago. Since then, our lawns, our common areas and our golf courses have “greened up” with the heavy rains that occurred. It shows the resilience of nature that what we thought were dead lawns and turf have again turned green before going into their winter dormant period. How we coped with this drought will be a lesson for us to follow for the future.

Water

In prior years, our concerns were about the cost and supply of electrical and gas energy sources. While that focus has not changed, we are increasingly reminded of a concern that all of us should have, and that is the supply of water. We experienced mandatory water rationing this past summer due to the drought and due to our continued desire to keep our lawns and gardens green.

We used huge amounts of water as individuals and as a community, primarily for irrigation. The supply of water is not endless. The City of Georgetown and the CA recognize the need for water conservation and will be working together to promote this important aspect to all consumers. We as individuals will see a slight increase in our water bills for our homes. Our CA will also be seeing an increase in the cost of water for all irrigation water (both non-potable and potable water). The CA is a large consumer of both these sources of water but conservation is something that all of us should do. To assist in this endeavor, the CA Board approved the hiring of a professional water management staff position in 2010.

It indeed has been a busy year for our community, and we look forward to 2010 being an equally progressive year.

Don Siler

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