

TALEGA

TALEGA MAINTENANCE CORPORATION

Fiscal Year

April 1, 2023 to March 31, 2024

B U D G E T

Board Initiatives

1. Forward Planning

- ❖ Keep Community Current, Relevant and Up to Date

2. Neighborhood Delegate Engagement

- ❖ Rebuilding and Engaging this important Committee to Continually Gather and Disseminate Important Feedback to the Community

3. Committee Development

- ❖ Engaging Volunteers to Represent the Neighborhoods and Community to Maintain and Shape the Future of Talega

4. Communication - Proactive Communication to keep the community informed of all important matters.

- ❖ Newsletters
- ❖ E-Mailings
- ❖ Surveys

The Board works to be proactive to the needs of the community

2022 ENHANCEMENT PROJECTS

- Painting Project to renew the Street Light Poles, Mailboxes and Pedestals
- Painting Project to renew the SDG&E Neighborhood Green Transformers
- Added Pickle Ball Court to the Tierra Grande Swim Facility
- Added Bocce Ball Court to the Talega Swim & Athletic Club
- Replaced sections of Architectural Fencing at various locations
- Landscape Enhancements throughout Talega
- Sidewalk Trip Hazard Program
- Annual Inspection of all Streets – Identifying Low Spots, Cracks, Separations, etc.
- Street Sealcoating Program – Approximately 1/4 of Talega Streets
- Replaced the Saluda Pool Heaters and Lane Lines
- Replaced the Lap Pool Heaters at the Talega Swim & Athletic Club
- Replaced the Careyes pocket park Fence

2023 LANDSCAPE PROJECTS

- 100% Compliance with OCFA Landscape Standards
- Continued Replanting of Slopes expected through 3rd Quarter 2023
- Enhanced Tree Trimming Program
- Continued Landscape Beautification Projects
- Continued Landscape Material Experimentation

2023 PROJECTS

- Street Sealcoating Program – Approximately 1/4 of the Streets Annually
- Finalizing Lawsuit with Developer dating back to 2010 - Cristianitos Trail Re Construction and Re Planting
- Pool Facility Restroom Renovations at TSAC, Saluda and Tierra Grande
- Splash Pad Replacement
- Tot Lot Replacement – Talega Village and Escala Neighborhoods
- 100% Compliance with OCFA Landscape Standards
- Continued Replanting of Slopes expected through 3rd Quarter 2023
- Enhanced Tree Trimming Program
- Continued Landscape Beautification Projects
- Continued Landscape Material Experimentation
- Bare slope areas will be allowed to grow back as natural grasses and trimmed annually to remain OCFA compliant

2023-2024 Operating Budget

2023 - 2024 Fiscal Year Budget and Assessments

For over 22 years, TALEGA has cultivated a premier community that blends welcoming amenities, high-quality services, and recreational experiences. The volunteer Boards and Committees are committed to guiding TALEGA in a manner that protects the Corporation's value, relevance, and viability.

Annually, the Budget and Finance Committee, under the direction of the Board provides input and guidance into the preparation of the upcoming year's budget.

With the guidance and oversight of the Board of Directors, the Budget and Finance Committee builds the annual budget to address the costs associated with managing TALEGA'S anticipated expenses, insurance requirements, high-quality services, and long-term success. These factors shape the annual assessment rate.

In order to maintain existing service levels, accommodate the rise in non-discretionary costs, avoid the potential burden of large increases, and protect TALEGA's financial health, the Board of Directors approved at its January 10, 2023, meeting, the assessment rate for the 2023-2024 Fiscal Year will be \$255 per month, effective April 1, 2023.

Key drivers of the \$20 per month assessment rate increase include impacts from the following sectors:

Landscape Maintenance - TALEGA's largest asset is its landscape footprint, which requires careful maintenance as it ages in a worsening drought climate. In addition, the landscape industry battles labor shortages that impact wage and contract rates. TALEGA must realistically budget for landscape management in order to protect the health of the overall landscape.

Water & Utility Rates - As California's drought increases in severity, water service providers are raising rates, implementing restrictions, and cutting back on rebate programs. TALEGA's budget reflects the projected expenditures for TALEGA's current irrigation infrastructure. Additionally, new laws in California related to waste water separation and collection have increased these service costs.

Insurance - Maintaining appropriate insurance coverage for the Corporation is imperative. In mid-2022, the insurance market experienced never-before-seen premium increases for both package and umbrella policies such as TALEGA's. Due primarily to a few lawsuits, TALEGA's premiums have increased by %265.

Labor Impacts - Rising minimum wage tiers and the residual effects of COVID-19 continue to affect the availability and output of the workforce - not just at TALEGA, but nation-wide. As TALEGA's service providers adjust to these impacts, many vendors must increase contract rates in order to continue providing services.

Reserve Funds - A critical component of TALEGA's management is reserve funding. This savings program sets aside funds to replace or renovate various assets throughout the community, from parking lots to pool furniture, street lights, and mailboxes. Thanks to proactive maintenance, vendor relationships, and strategic project execution, TALEGA's reserve funds are within a healthy range for a community of this size. However, continued contributions to reserves are critical to TALEGA's stewardship.

Looking Forward

The Board's fiduciary responsibility to TALEGA requires realistic examination of assessment levels each year. Annual evaluation of assessments ensures that TALEGA protects its assets now and in the future. The Board of Directors is committed to fulfilling TALEGA's purpose without compromising the quality of life that makes TALEGA a premier community. Items of note are continued annual contributions to the Reserve Study to help replace and renovate aging amenities within the community to ensure enjoyment by its Members.

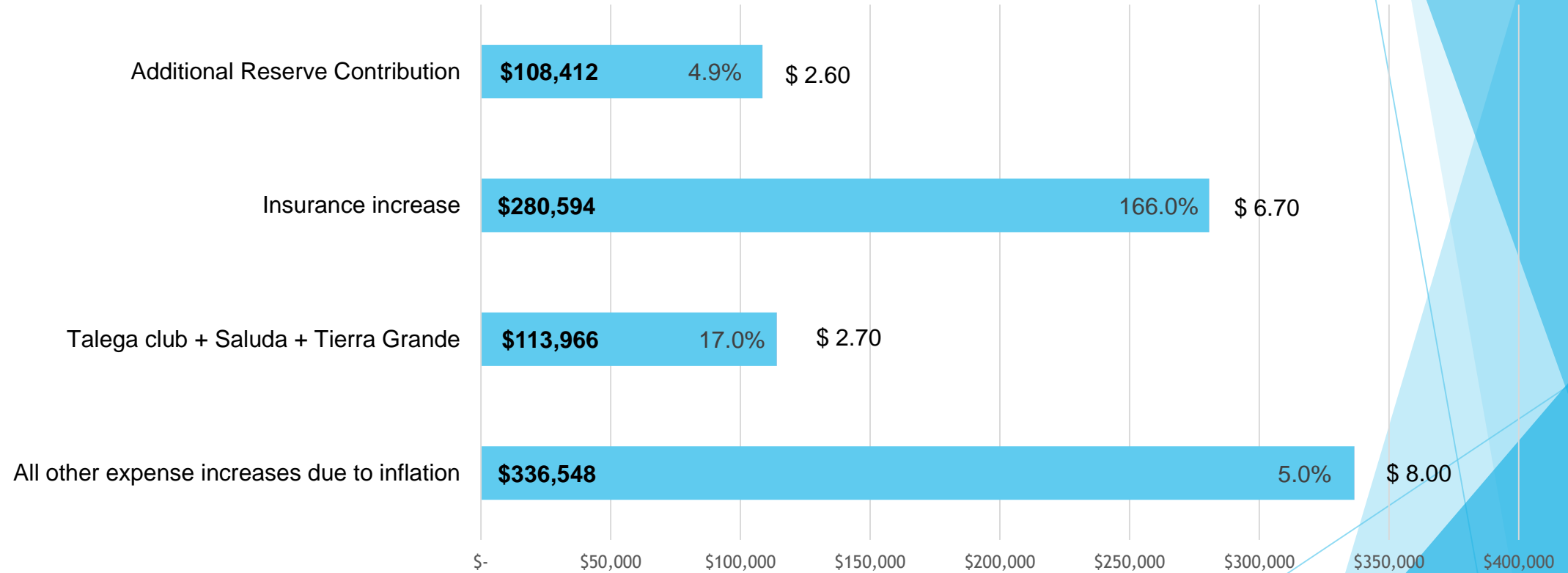
Sincerely,

Board of Directors

Assessment Increase

2023-2024 Assessment Rate = \$255 per Month

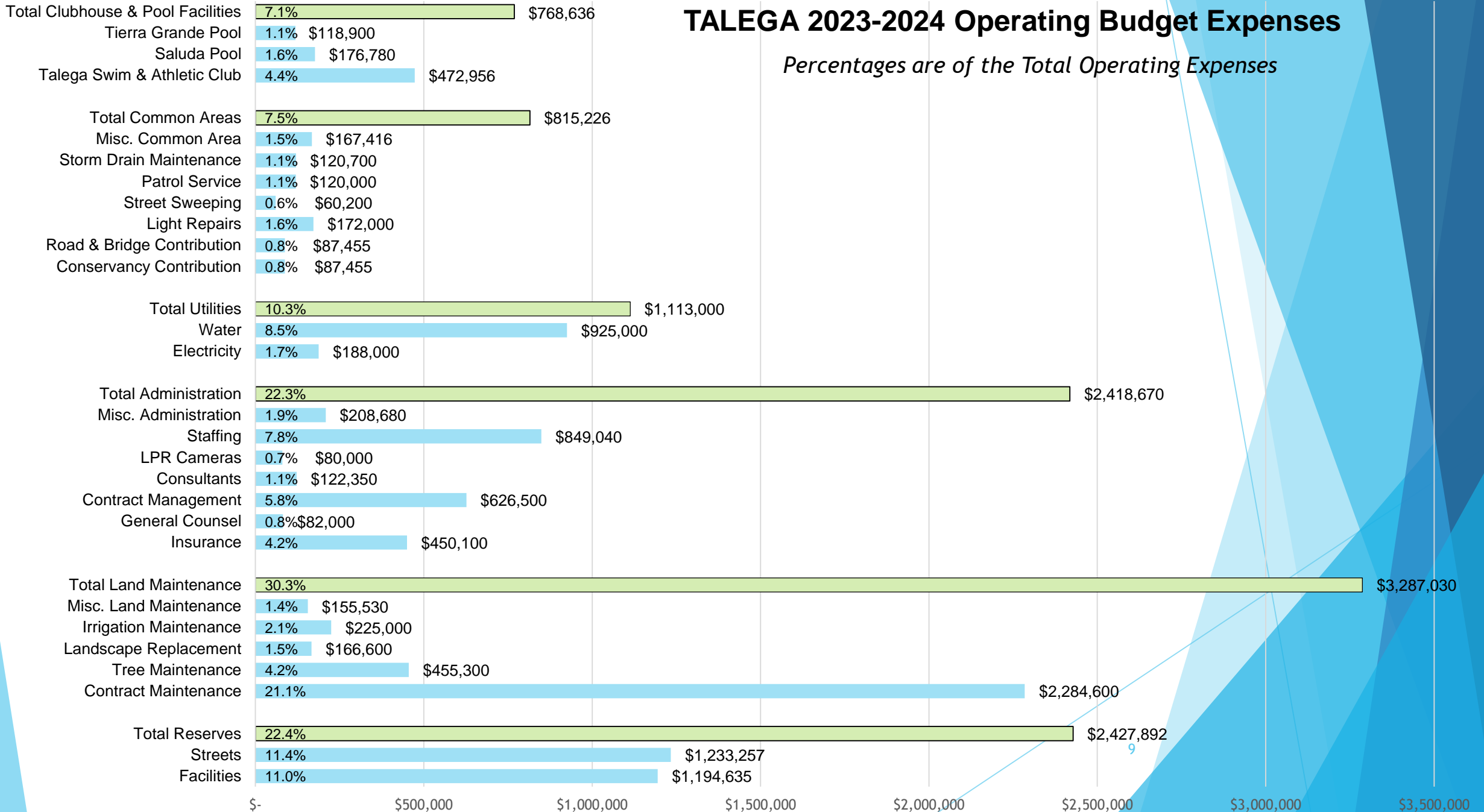
A \$20 per Month increase over the current rate of \$235 which equals 8.51%



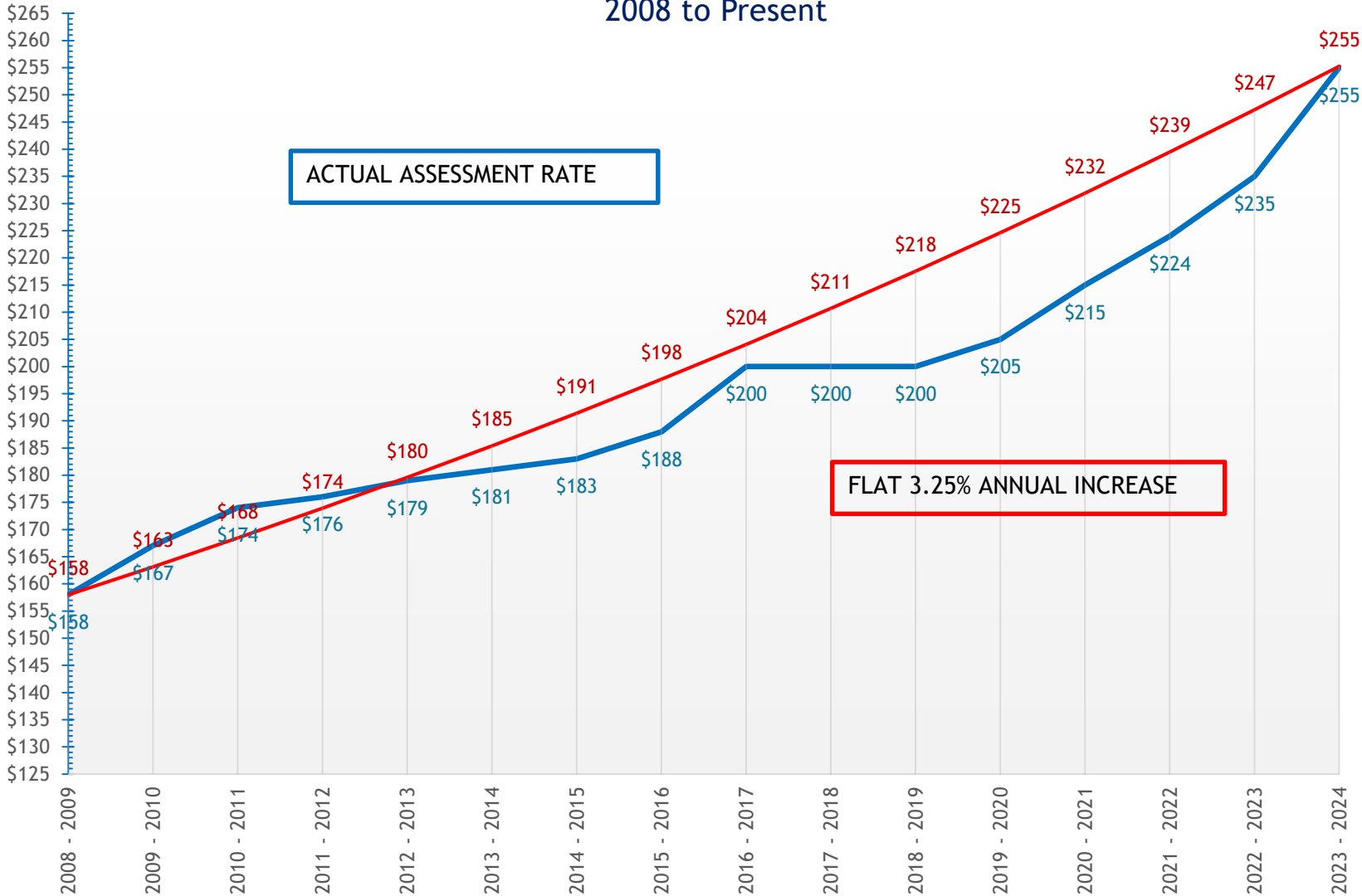
Percentages are of the year-over-year increase of the indicated categories

TALEGA 2023-2024 Operating Budget Expenses

Percentages are of the Total Operating Expenses



Talega Maintenance Corporation
ASSESSMENT HISTORY
 2008 to Present



DRIVERS

Reserves

- Facilities aging 20+ years
- Hyper Inflation

Labor

- Minimum Wage
- Expanding Responsibilities

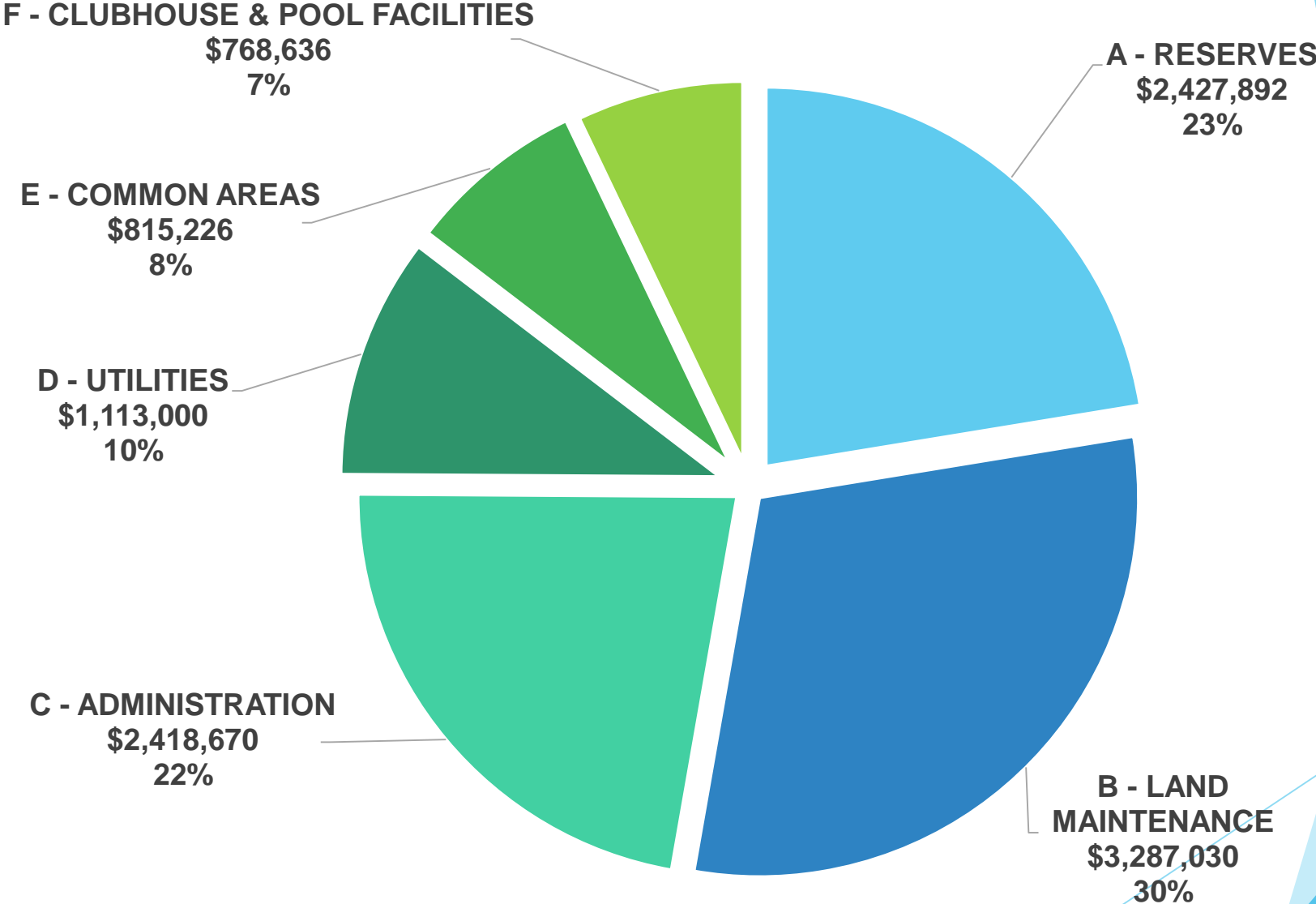
Landscape Maintenance

- Labor / Fuel / Insurance

Risk Management

- Insurance Coverages

2023-2024 Operating Expenses By Cost Center



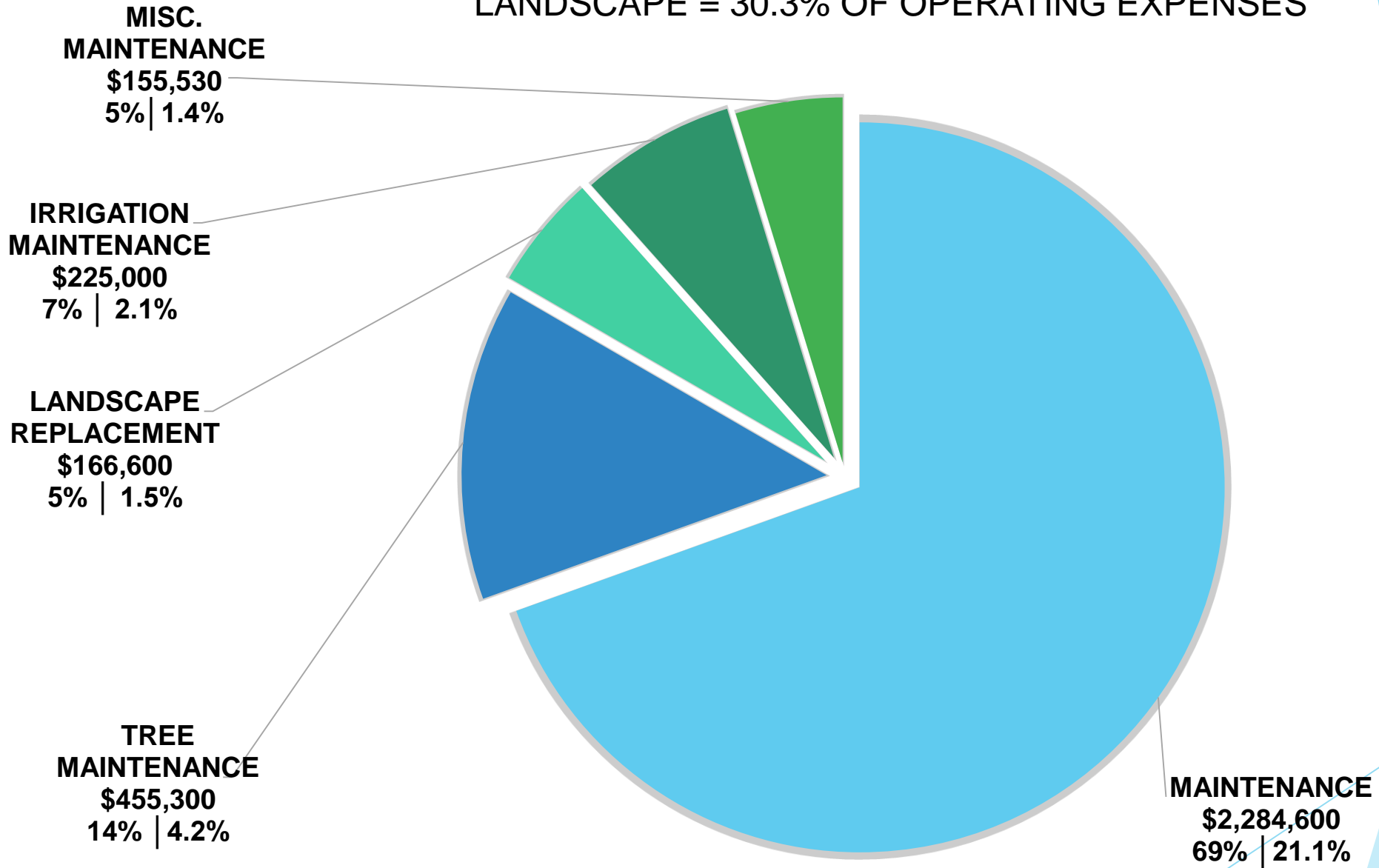
Percentages are of the Total Operating Expenses (All Cost Centers)

RESERVES = 22.4% OPERATING EXPENSES



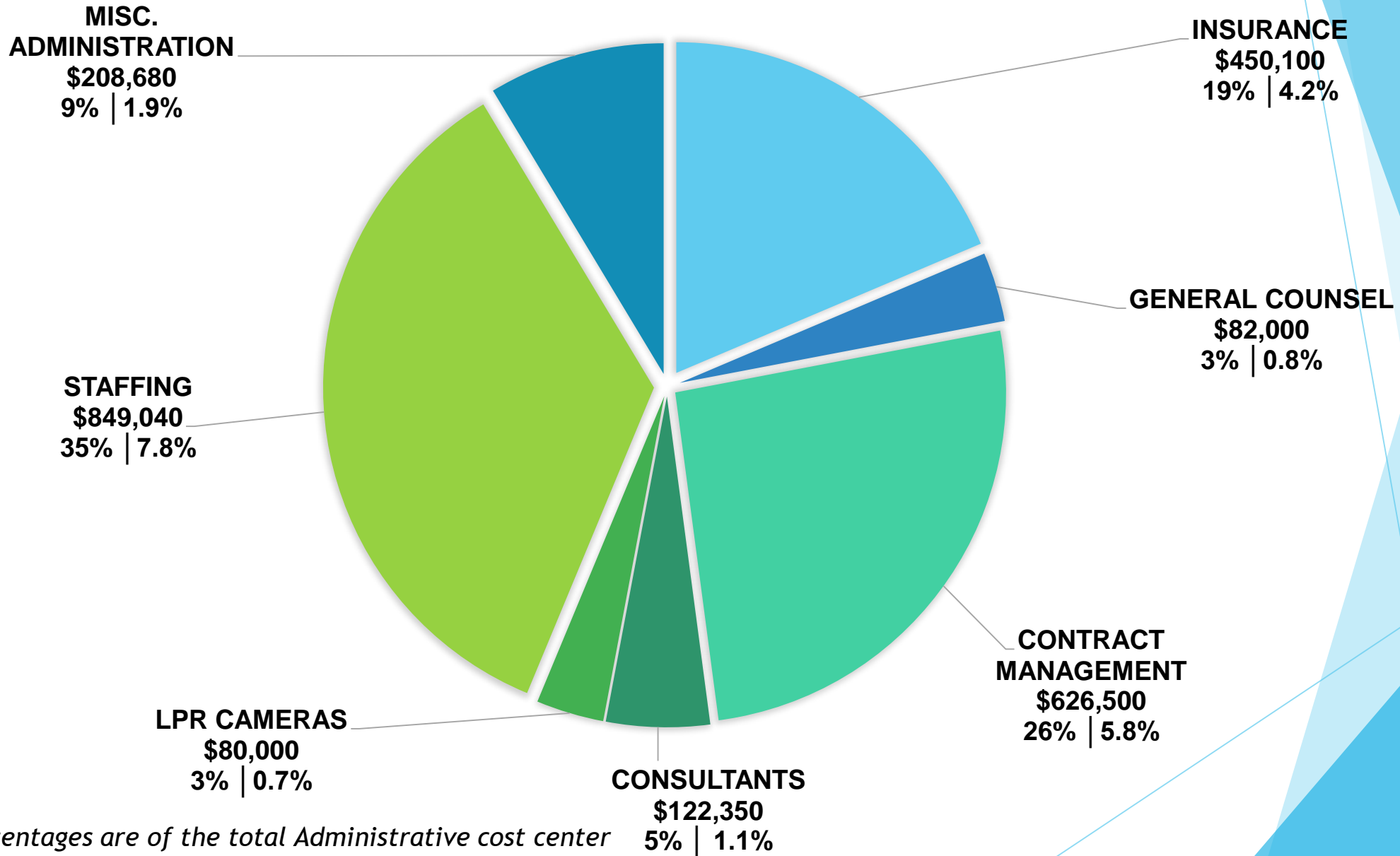
Percentages are of the total Reserve cost center

LANDSCAPE = 30.3% OF OPERATING EXPENSES



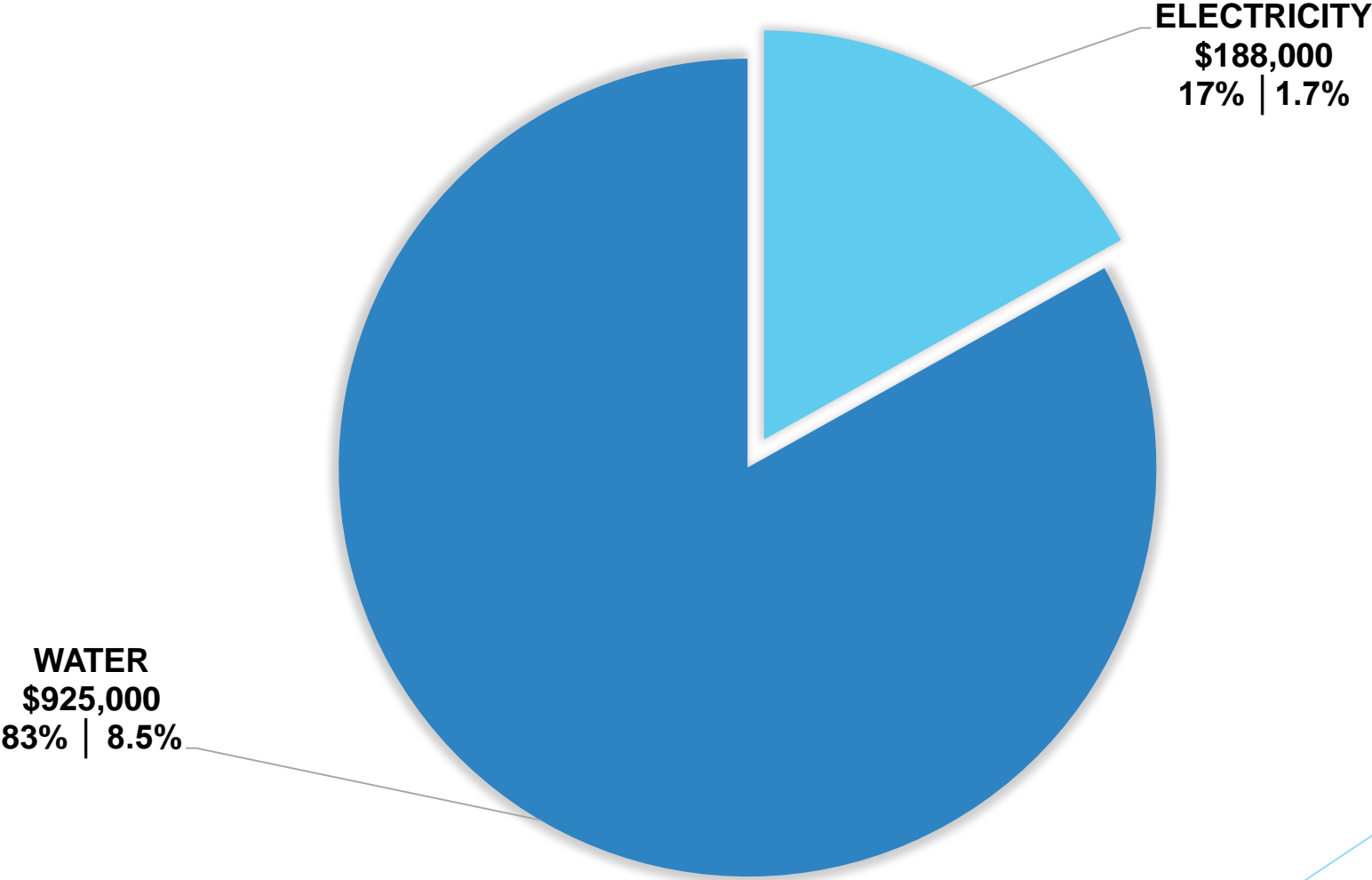
Percentages are of the total Landscape cost center

ADMINISTRATION = 22.3% OF OPERATING EXPENSES



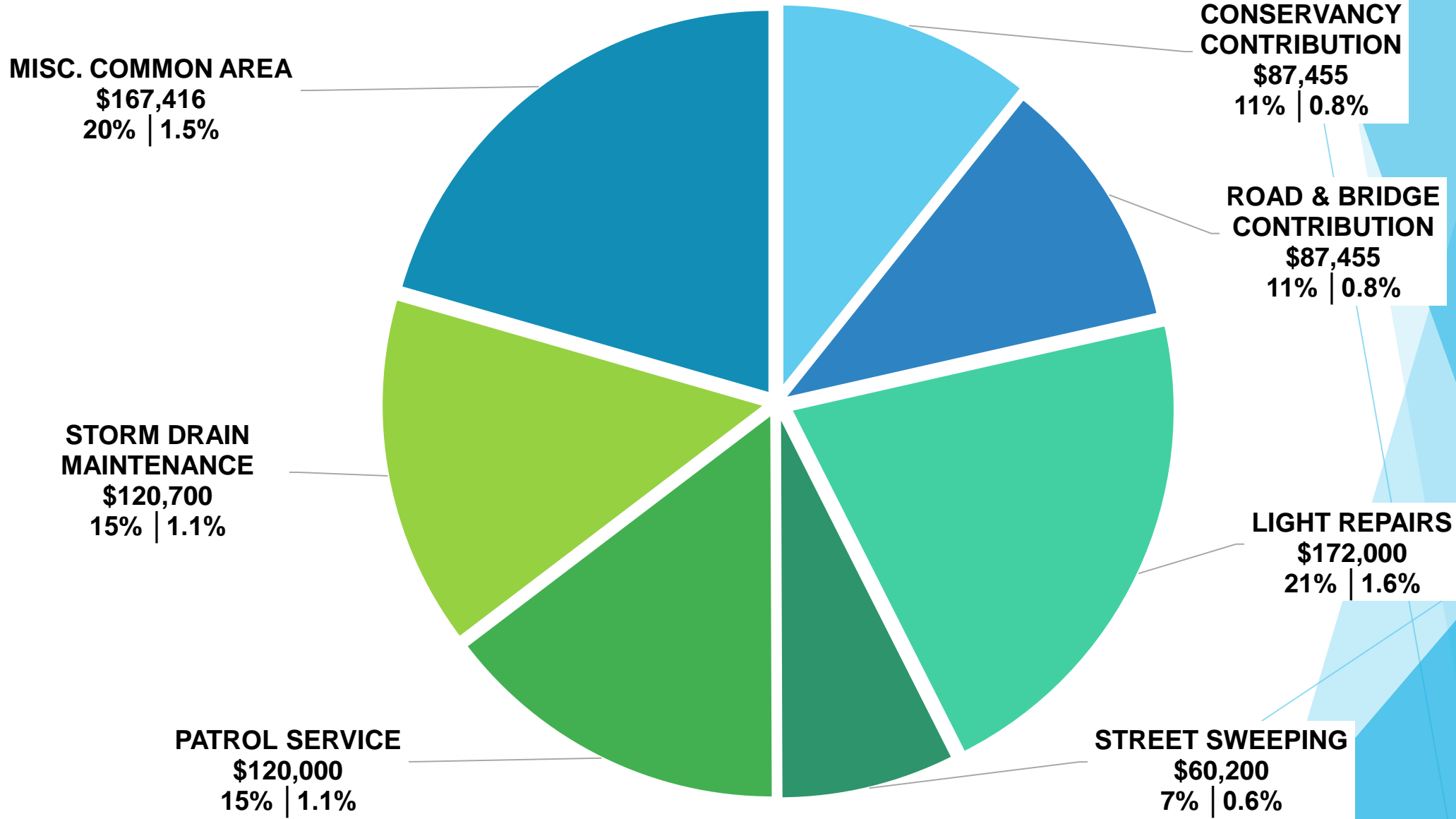
Percentages are of the total Administrative cost center

UTILITIES = 10.3% OF OPERATING EXPENSES



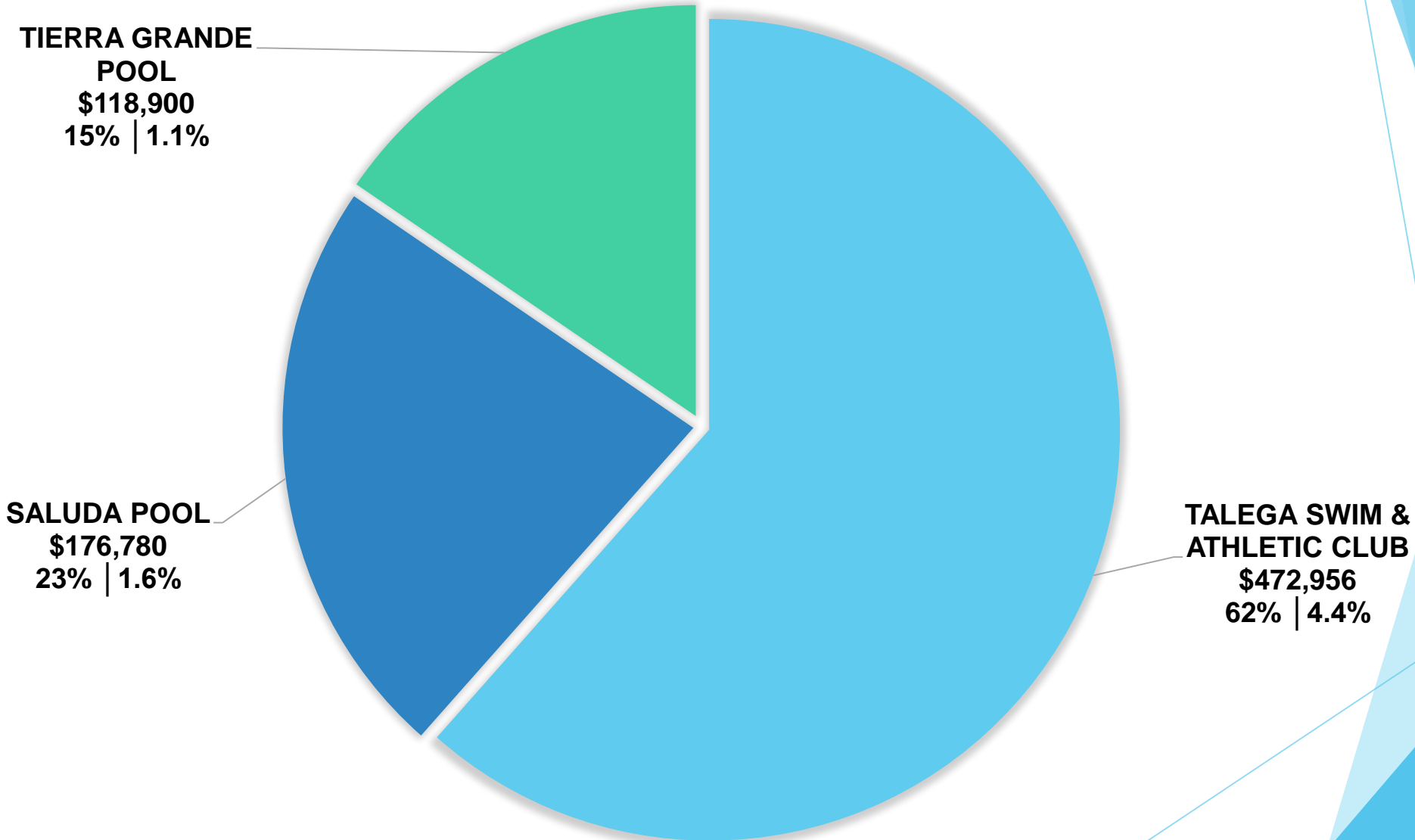
Percentages are of the total Utilities cost center

COMMON AREAS = 7.5% OF OPERATING EXPENSES



Percentages are of the Common Area cost center

CLUBHOUSE & POOLS = 7.1 % OF OPERATING EXPENSES



Percentages are of the total Clubhouse and Pools cost centers

TALEGA

