

2021 Strand Master Property Owner's Association Budget
Revenue, Major Expense Category and Reserve Commentary

October 26, 2020

Revenue

Total Income of \$1,712,879 will be sourced \$1,564,059 Owner Maintenance Contributions, \$131,300 2020 Profit Carryover and \$17,520 Home Sale Capital Contribution. Owner Maintenance Contribution is \$364 per quarter for a total of \$1,456 full year, same as 2020. Profit Carryover is largely the result of Covid19 delays to the Front Entrance Design and Security Improvement Project, and, the Front Entrance Strand Blvd. Fence and Landscape Improvement Project.

Maintenance and Operations Expense

Maintenance and Operations Expense is \$2,600 higher than the 2020 budget. Comcast Cable Cost contractually increased 3% adding \$24,800, Mainscape Landscape Contract increased \$5,200 with a new 2 year contract negotiated in September 2020, Non-Shared Electric cost increased \$4,000 largely fountain power not previously budgeted and \$7,300 was the result of lower cost share billing with The Club and Commercial. These increases were offset by a \$25,000 reduction in Strand Blvd. landscape improvement costs and completion of the 2020 irrigation system improvement contributing \$12,200 in savings.

The Landscape and Irrigation Committee continues to implement the Blvd. Island and Berm landscape improvement projects. With the completion of the Sawgrass Berm and the projected completion of the Feather Sound Berm and Blvd. Islands before year end focus is now on the East and West side of the Blvd. North of the Clubhouse. All irrigation system improvements have been installed. Tree trimming and walkway/curb power washing is again slated for 2021.

Environmental Management

Environmental Management Expense decreased \$11,400 largely due to the completion of the initial I-75 Berm clearing of \$12,500 with all subsequent clearing activity at \$4,900 per clearing event. In addition, the Master Association plans to review herbicide and ground cover alternatives for the Berm and has allocated \$5,300 for applications.

Woods and Wetlands has completed the preserve clean up and exotic plant eradication cited by South Florida Water Management in 2019 and we are now working to secure our Preserve Permit and Maintenance Plan registration with them. We anticipate to complete the process in the early 2021.

The Lakes Committee continues to implement and test water quality improvement strategies suggested by Collier County and Lake and Wetlands. Two aerator systems have been installed on Lakes 4 and 15 with a third slated for Lake 10 in early 2021. The Bio Block test initially resulted in improved water clarity but had little effect on algae conditions in the test lakes. Littoral plantings will continue in 2021 with the addition of The Club plantings on the golf course lake banks. Algae reduction programs will focus on chemical applications with more immediate results.

Security

Security costs are projected to decrease \$44,400 largely attributed to the completion of our gatehouse security software and hardware installation, and, the Rear Entrance Camera and Gate Re-design slated to start late this year amounting to \$13,200 and \$36,000 respectively. All other Security costs are relatively flat compared to 2020 with minor cost increases.

The community continues to contract with Gilyard Security Services for our Gatehouse entrance screening.

The Front Entrance Design and Security Improvement, and, Front Entrance Landscape Re-design & Fence Installation from the Gatehouse west to the Commercial Office Buildings is included in this years budget as result of 2020 delays due to Covid19. A Landscape Architect will be engaged and work will begin on the redesign plans.

Administration

Administrative costs increased \$54,500 attributed to Legal Costs \$16,000, Insurance Expenses \$15,000, Contingency \$13,800, Accounting \$5,000 and Postage \$4,600. Insurances increased as result of a budgeting error in the 2020 budget reflecting lower than market rate costs. Our legal expenses include \$20,000 for the Mango Cay litigation, \$4,000 to complete the Document, Covenant and By-Law update and \$5,000 for miscellaneous matters that arise. Accounting Costs reflect the planned financial audit for fiscal year 2020 and our Postage increase reflects mailing costs associated with the required Revised Document distribution to the Community.

Reserves and Equity

\$47,400 has been budgeted for Reserve contributions in 2021. Reserve funds are projected to be \$412,600 at year end 2020.

As previously noted, The Master Board has solicited Reserve Study Proposals from three firms to evaluate our reserve requirements. We plan on completing the interview process and firm selection in early December. Further Reserve Contributions will be evaluated upon completion of the Reserve Study.

Prior Year End Equity and Free Capital Contribution Cash Flow amounts to \$202,100. Current year Net Income is \$126,400 as of August 31 and projected to be \$131,300 total year.