



SPECIAL MEETING OF THE FINANCE COMMITTEE*

**Wednesday, September 18, 2024 - 1:30 p.m.
Laguna Woods Village Board Room/Virtual Meeting
24351 El Toro Road,
Laguna Woods, CA 92637**

Laguna Woods Village owners/residents are welcome to participate in all open committee meetings and submit comments or questions regarding virtual meetings using one of two options:

1. Join the Committee meeting via a Zoom link at: <https://us06web.zoom.us/j/83185869622> or by calling 669-900-6833 Access Code: 83185869622
2. Via email to meeting@vmsinc.org any time before the meeting is scheduled to begin. Please use the name of the committee in the subject line of the email. Name and unit number must be included.

NOTICE OF MEETING AND AGENDA

This Meeting May Be Recorded

1. Call to Order
2. Acknowledgement of Media
3. Approval of the Agenda
4. Approval of Meeting Report for August 21, 2024
5. Chair's Remarks
6. Member Comments (Items Not on the Agenda)

Items for Discussion and Consideration

7. Equestrian Fee Recommendation

Items for Future Agendas

- *RV Fee Recommendation*
- *Class Fees*
- *Bridge Room Guest Fees*

Concluding Business

8. Committee Member Comments
9. Date of Next Meeting: Wednesday, October 16, 2024 at 1:30 p.m.
10. Adjournment

*A quorum of the GRF Board or more may also be present at the meeting.

William Cowen, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4201

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FINANCE COMMITTEE MEETING
REPORT OF THE REGULAR OPEN SESSION

Wednesday, August 21, 2024 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: William Cowen – Chair, Martin Roza, Mickie Choi Hoe, Sue Stephens (Alternate), Donna Rane-Szostak

DIRECTORS ABSENT: Nathaniel Lewis, Thomas Tuning (Excused), Moon Yun, Brad Rinehart

ADVISORS PRESENT: None.

STAFF PRESENT: Steve Hormuth, Jose Campos, Jennifer murphy, Alison Giglio, Laura Cobarrubiaz, Erika Hernandez, Blake Lefante, Ada Sigler, Karina Vargas

OTHERS PRESENT:

VMS – Kathryn Bravata,
GRF – Juanita Skillman, James Hopkins, Yvonne Horton
United – Georgiana Willis, Ellen Leonard, Nancy Carlson, Maggie Blackwell

Call to Order

Director William Cowen, chaired and called the meeting to order at 1:33 p.m.

Acknowledgement of Media

The meeting was streamed via Granicus and Zoom for members of the community to participate virtually.

Approval of the Agenda

A motion was made to approve the agenda as presented. Hearing no objection, the motion to approve the agenda passed unanimously.

Approval of Meeting Report for July 29, 2024

Director Rane-Szostak made a motion to approve the committee report as presented. Director Choi Hoe seconded. Hearing no objections, the report was approved by consensus.

Chair's Remarks

Director Cowen expressed his gratitude to staff for all their hard work.

Member Comments (Items Not on the Agenda)

A resident asked about the 2024 budget, the number of financial statements across all mutual highlighting the Towers and VMS. She also inquired why other banking options hadn't been explored and if the franchise fee paid to the city had been reviewed. Staff explained that the 2024 Budget is located on page 3 of the Green book, available online for residents. This years Budget was set at \$122 million. Staff further clarified that there are three financial statements, one each for GRF, United, Third, while the Towers finances are handled by a separate management company. VMS Financials mainly cover payroll for all three organizations. Regarding the banking option, the current choice was made for its strong security feature. Staff informed that at this time the franchise fee contract is currently in the middle of its five-year contract.

A member asked to clarify the administrative fee located under the recreation department. Staff informed that they are unable to provide price breakdown for certain positions in an open session however the financial statements are located in the Greenbook for each of those facilities, under employee compensation.

A member inquired on what the shared cost under the administrative fee entail, Staff stated that the fees she is referring to is for the administrative offices.

Department Head Update

Steve Hormuth, Director of Financial Services, reported favorable financial highlights for period ending in July 31, 2024 He also noted that the final version of the 2025 Business Plan will be presented to the Board for approval on September 3, following the televised version 3 review that occurred on August 5.

Preliminary Financial Statements dated July 31, 2024

The committee reviewed the financial statements dated July 31, 2024. Questions were addressed and noted by staff.

Equestrian Center Cost Analysis

Steve Hormuth, Director of Financial Services, presented a staff report on expenses associated with the Equestrian Center. The report detailed the annual budget having increased by \$232K from 2023 to 2024. The last fee review was in March 2023 under the resolution 09-23-46, a subsequent meeting will be scheduled to recommend adjustments to the fees. Staff provided an oral presentation in response to some member inquiries.

Investment Advisory Services

Staff provided an oral update recommending the Committee evaluate the current investment advisor. Director Cowen agreed to the recommendation. No further action needed.

Endorsement from Standing Committees

Community Activities Committee- Director of Recreation and Special Events, Alison Giglio presented a staff report recommending that the Board of Directors approve a supplemental appropriation from the Facilities Fund in the amount of \$45,000. This funding would be allocated for a feasibility study to develop and review options for building a new pickleball facility.

Jeanne Costello, member of the Pickleball Club, presented a proposal to inform staff and members of the rising need for a new pickleball facility. The presentation detailed how the current pickleball courts can only accommodate a certain volume of members at a time with the demand for play times steadily increasing with its rising popularity.

Director Choi Hoe moved to endorse staff recommendation with an amended amount of up to 45K for the Pickleball Feasibility Study. Director Rane-Szostak seconded. Discussion ensued. Director Cowen proposed amending the resolution proposed to specify the funds be used to develop and review options for providing appropriate pickleball facilities instead of options for building a new pickleball facility. Director Choi Hoe accepted the friendly amendment. The motion passed with a 4-1 vote to be presented at the following Board meeting.

Future Agenda Items

- RV Fee Recommendations

Committee Member Comments

None.

Date of Next Meeting

Wednesday, October 16, 2024 at 1:30 p.m.

Recess to Closed Session

The meeting recessed to closed session at 3:47 p.m.

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William Cowen, Chair

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STAFF REPORT

DATE: September 18, 2024
FOR: Finance Committee
SUBJECT: Equestrian Fee Recommendation

RECOMMENDATION

Staff recommends the Committee review and endorse the proposed Schedule of Equestrian Fees (ATT1) with an effective date of January 1, 2025.

BACKGROUND

In 2020, the Board of Directors adopted a GRF policy for the Equestrian Center that stated a horse boarding fee shall be charged monthly to residents who wish to board their horse(s) at the Equestrian Center. The fee, rounded up to the nearest dollar, shall be based on the estimated monthly cost to board a resident's owned or leased horse and 70% shared (subsidized by the community at large) and 30% cost recovery. For 2025, the monthly cost to board a resident's horse(s) is estimated to be 81% shared (subsidized by the community at large) and 19% cost recovery.

The current Equestrian Fee Schedule was last updated in May 2023. On August 21, the GRF Finance Committee reviewed a staff presentation highlighting budgeted expenses increased by \$232,000 between 2023 and 2024.

DISCUSSION

The areas recommended for fee increases include Horse Boarding Fees and Lesson Fees. The existing horse boarding rate for residents is \$265 per month and \$325 for non-residents and includes 3 bags of shavings per week and cleaning of the stalls by staff. The recommended bags of shaving necessary to provide sanitary conditions for horses and staff is 5 bags of shavings per week. Currently, 2 additional bags are purchased by horse boarders for their horses at \$7.50 per bag. The proposed rate will include all 5 bags of shavings included in the horse boarding fee. In addition, staff determined that lesson fees should be adjusted to take staff costs into account. Basic horse-riding lessons in the area start at \$85 per hour while the existing rates for residents at Laguna Woods Village are \$20 per hour for 45-minute lessons on a GRF horse, or \$15 per hour for a 45-minute lesson on a boarded horse, and \$55 and \$35 for non-residents, respectively. Demand for lessons have significantly increased in recent years, and there is currently a waitlist for horse lessons as a result of this low pricing. Staff is recommending Trail Rides be eliminated as an option as the trails are intended for advanced riders and may not be appropriate for beginners.

FINANCIAL ANALYSIS

The desired effect of raising Horse Boarding and Lesson Fees is to achieve 70% shared costs (ATT2) for Horse Boarding, adjust Lesson Fees closer to market rates to cover the employee compensation cost for providing these lessons, and eliminate trail rides.

Prepared By: Ada Sigler, Senior Financial Analyst

Reviewed By: Steve Hormuth, Director of Financial Services

Committee Routing: Community Activities Committee (CAC) – October 10, 2024

ATTACHMENT(S):

Attachment 1
Attachment 2

Proposed Equestrian Fees (ATT1)
Equestrian Recovery Schedule (ATT2)

		Proposed
DESCRIPTION	2024 Fee	Fee
EQUESTRIAN CENTER		
Horse Boarding Fee	\$265.00	\$410.00
Dry Stall	\$150.00	\$246.00
Horse Feed - Alfalfa Hay*	\$97.50	\$101.00
Horse Feed - Teff Hay*	\$113.50	\$108.00
Horse Feed - Orchard Hay*	\$93.00	\$122.00
Horse Feed - Timothy Hay*	\$99.00	\$124.00
Resident trail ride, per hour on GRF horse	\$65.00	N/A
Lessons, private, per hour		
Lessons, group, per hour, per person		
Lessons, private, per 1/2 hour		
Lessons, group, per 1/2 hour per person		
Trail Ride on GRF Horse (45 min) - Resident	\$15.00	N/A
Trail Ride on Boarded Horse (45 min) - Resident	\$5.00	N/A
Lessons, private, per 45 min on GRF horse - resident	\$30.00	\$55.00
Lessons, private, per 45 min on Boarded horse - resident	\$20.00	\$55.00
Lessons, group, per 45 min on GRF horse - resident	\$15.00	\$35.00
Lessons, group, per 45 min on Boarded horse - resident	\$10.00	\$35.00
Shavings (per bag)*	\$7.50	9.00
Storage, horse trailer	\$160.00	\$160.00
Hauling horse in trailer (per hour)	\$50.00	\$50.00
Hauling horse in trailer (per mile)	\$0.58	\$0.67
Horse rental, per hour		
Horse rental, per 1/2 hour		
EQUESTRIAN CENTER - Non Resident Fees		
Trail ride, 45 min on GRF Horse	\$27.00	N/A
Trail ride, 45 min on Boarded Horse	\$15.00	N/A
Lessons, private, 45 min on GRF Horse	\$55.00	\$75.00
Lessons, private, 45 min on Boarded Horse	\$35.00	\$75.00
Lessons, group, 45 min on GRF Horse	\$35.00	\$55.00
Lessons, group, 45 min on Boarded Horse	\$20.00	\$55.00
Storage, Horse Trailer (annually)	\$240.00	\$240.00
Boarding Fee (per month)	\$325.00	\$513.00
Shavings (per bag)*	\$8.50	\$10.00
SPECIALTY CARE SERVICES (monthly charges)		
Turnout	\$30.00	\$30.00
Feeding Prepared Grain or Feed	\$30.00	\$30.00
Hand Walking	\$150.00	\$150.00
Lunge (charges are per occurrence)	\$15.00	\$15.00
Blanketing or Fly Sheet, On & Off	\$60.00	\$60.00
3rd Feeding Option	\$30.00	\$30.00
SPECIALTY CARE SERVICES (timing varies)		
Filling of 1 water bucket (per day)	\$1.00	\$1.00
Water bucket service -dumping, cleaning and refilling (each, per day)	\$3.00	\$3.00
Fly boots / on or off (per day)	\$1.00	\$1.00

		Proposed
DESCRIPTION	2024 Fee	Fee
Installation of rubber wall mats (per stall)	\$75.00	\$75.00
Slow feeder wall install (per stall)	\$10.00	\$10.00
Bucket holder installation (per stall)	\$15.00	\$15.00
Self-purchased waterer install (per stall)	\$20.00	\$20.00
Clean hay manger (per manger)	\$10.00	\$10.00
Clean grain manger (per manger)	\$5.00	\$5.00
Tack trunk move/removal (per occurrence)	\$50.00	\$50.00
Full grooming (per occurrence)	\$8.00	\$8.00
Full grooming / 5 days a week (per month)	\$100.00	\$100.00
Bath (per occurrence)	\$25.00	\$25.00
Stall wall cleaning or bleaching (per occurrence)	\$75.00	\$75.00
Repainting stall walls (per occurrence)	\$50.00	\$50.00
Stripping of stall (per occurrence)	\$20.00	\$20.00
Fans / on or off (per day)	\$1.00	\$1.00
Exercise ride / 45 minutes, includes warm-up/cool down (per occurrence)	\$25.00	\$25.00
Training ride / 45 minutes, includes warm-up/cool down (per occurrence)	\$35.00	\$35.00
Rinsing horse / after exercise or other (per occurrence)	\$5.00	\$5.00
Re-level turnout (per occurrence)	\$25.00	\$25.00
Additional sand for turnout	At cost	At cost
Extra cleaning (per day)	\$5.00	\$5.00
Holding for vet (per hour)	\$30.00	\$30.00
Body clipping / full- approved horses only (per occurrence)	\$150.00	\$150.00
Body clipping/ trace clip- approved horses only (per occurrence)	\$100.00	\$100.00
Body clipping/ bridle path, leg, face cleanup; approved horses only(per occurrence)	\$20.00	\$20.00
Mane pulling / trimming (per occurrence)	\$40.00	\$40.00
Boarder horse assessment ride + ride fee (per occurrence)	\$50.00	\$50.00
Tack fitting (per occurrence)	\$50.00	\$50.00
Wound treatment / cleaning and wrapping (per day)	\$8.00	\$8.00
SHOW FEES		
Show warm up (per day)	\$35.00	\$35.00
Show groom (per day/ per horse)	\$50.00	\$50.00
Show night check (per day/ per horse)	\$10.00	\$10.00
Show Lunge	\$20.00	\$20.00
2-Standing wraps (per occurrence)	\$5.00	\$5.00
4-Standing wraps (per occurrence)	\$10.00	\$10.00
Show client horse- show warm up required (per class)	\$15.00	\$35.00
Show school horse + show fees + transport fees (per day)	\$75.00	\$75.00
Home show school horse use fee (per day)	\$15.00	\$35.00
TRAINING FEES		
Full training: 4 lunge,8 training rides, 4 private lesson, 4 group lessons (per month)	\$425.00	\$612.00
Half training: 4 lunges, 4 training rides, 4 private lesson (per month)	\$275.00	\$396.00

*Rates based on Market Pricing, subject to change at any time

**Summary: Equestrian
Equestrian Recovery Schedule
620 - EQUESTRIAN**

	2023 Budget	2024 Budget	2025 Budget	Assessment Increase/ (Decrease)	VAR %
Assessment Revenues:					
Non-Assessment Revenues:					
Clubhouse Rentals and Event Fees	11,000	7,350	0	7,350	0%
Broadband Services	0	9,000	0	9,000	0%
Miscellaneous					
43501000 - Horse Boarding Fee	76,000	102,120	129,120	(27,000)	126%
43501500 - Horse Feed Fee	44,400	63,600	51,600	12,000	81%
43502000 - Horse Trailer Parking Fee	1,200	1,360	1,360	0	100%
43502500 - Horse Lesson Fee - Resident	43,200	57,600	33,000	24,600	57%
43503500 - Horse Rental & Trail Ride Fee - Resident	11,500	0	0	0	0%
44004500 - Clubhouse Labor Fee	440	558	560	(2)	100%
Miscellaneous	176,740	225,238	215,640	9,598	96%
Total Non-Assessment Revenue	187,740	241,588	215,640	25,948	11%
Expenses:					
Employee Compensation	281,022	389,453	390,203	751	0%
Expenses Related to Employee Compensation	99,876	120,732	127,955	7,223	6%
Materials and Supplies	134,464	203,948	208,490	4,542	2%
Community Events	9,300	8,100	6,650	(1,450)	(18%)
Utilities and Telephone	25,450	23,699	30,713	7,014	30%
Outside Services	4,793	20,450	7,879	(12,571)	(61%)
Repairs and Maintenance	16,000	21,200	24,500	3,300	16%
Other Operating Expense	3,819	4,289	3,549	(740)	(17%)
Property and Sales Tax	56	56	56	0	0%
Depreciation and Amortization	18,787	23,419	24,000	(11,579)	(49%)
Allocated Expenses	45,600	53,730	62,595	8,865	16%
Insurance Estimate**	52,565	55,000	55,000	0	0%
Total Expenses	691,732	924,076	941,590	5,355	1%
Net Cost	\$503,992	\$682,488	\$725,950	(\$20,593)	(3%)
GRF only expenses to exclude:					
Community Events	9,300	8,100	6,650		
Materials and Supplies - Horse Supplies for GRF horses	4,878	8,000	8,650		
Materials and Supplies - Horse Feed; billed seperately	68,810	104,687	100,000		
Materials and Supplies - Replacement GRF Horses	10,000	10,000	10,000		
Employee Compensation and Related (Lessons)	119,100	125,100	129,600		
Repairs and Maintenance for GRF horses	16,000	21,200	24,500		
Total Non-Horse Boarding Costs:	\$228,088	\$277,087	\$279,400		
Net Total Horse-Boarding Costs	\$463,644	\$646,989	\$662,190		
Horse Boarding Revenue	76,000	102,120	129,120		
Budgeted Cost Recovery	16%	16%	19%		
Proposed Cost Recovery			30%		
30% Net Total Horse Boarding Cost			\$198,657		
# of Available Spots			40		
Proposed Base Boarding Cost; Includes shaving:			\$410.00		

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