



May 28, 2023

To: Bodega Harbour Homeowners Association Membership

From: BHHA Board of Directors

Re: Fiscal Year 2022/23 Annual Budget

Please find enclosed documents pertaining to the Association's Annual Disclosures, Budget, Reserve Fund, and Annual Policy Statement in accordance with the Davis Stirling Act. The Board reviewed, discussed, and approved the proposed budget, capital expenditure and reserve spending plans at the May 21st Open Session Board of Directors meeting.

Management and the Board are looking forward to a challenging and busy year filled with new and continuing capital projects and improvements to our community.

Capital and Strategic Planning Projects

- Re-launch of the lounge with new name and concept
- Expansion of the snack bar with new name and concept
- Phased Bunker Renovation Project – to begin in 2022
- Electric Cart Fleet & Storage/charging structure (Winter 22/23)
- Facility Maintenance Building renovation and possible expansion
- New upgraded cameras throughout community
- Common Area improvement projects
 - Common Area Maintenance Plan (C.A.M.P.)
 - Common Area Restoration & Eradication Project (C.A.R.E.)
 - New and improved community signage and mapping project
- Sidewalk improvements throughout community
- CC&R review and update
- Continuing Strategic Planning objectives

Reminders

- Next Board Meeting - June 18th at 9:00 a.m. via Zoom
- Ballots mailed May 26th
- Board Election - June 25th

BHHA Board of Directors & KemperSports Management

Bodega Harbour Homeowner's Association Pro Forma Budget 2022/2023

Approved by the Board May 21, 2022

The Board has approved the following Pro Forma Budget to allow for continuance of operations and in compliance with the Davis Stirling Act. The budget for fiscal year 2022/2023 includes an increase in assessments from \$822 to \$975 per quarter (18.6%). Historically, assessments have been increased only one time since 2004, a 10% increase in 2011. Over this eighteen-year period the CPI has increased by 43% and Northern California construction costs have increased by 79%. BHHA operating costs have gone up significantly over the same period, and additionally our aging infrastructure and amenities need attention, including renovations and upgrades.

We have highlighted some of the key factors and changes in this budget compared to prior year.

Highlights

- First increase in assessments in 11 years, and only the second in 18 years.
- Increases in Homeowner dues, golf fees and food & beverage pricing.
- Average increase in payroll of 7.5% for cost-of-living increase for staff. Current CPI is at 8.5%.
- Total expenses are increasing by 16% compared to prior year. Increases in operating expenses are due to rising costs from inflation and the reclassification of some repair and maintenance costs previously funded from the reserve account which will be funded from operations going forward.
- Increase in reserve fund contribution by 3% based on reserve study funding level.

Revenues		Cost of Sales	
HOA	2,872,434	Merchandise COGS	122,850
Golf	1,199,978	Food and Beverage	195,922
Food and Beverage	661,620	Total Cost of Sales	318,772
Pro Shop	212,800		
Carts	382,576	Other Expenses	
Total Revenues	5,329,408	HOA	839,134
		Maintenance	157,365
		Course & Grounds	315,015
		Security	120,000
		Food and Beverage	113,775
		Pro Shop	94,051
		Carts	4,250
		Total Other Expenses	1,643,590
		EBITDA	918,317
		MANAGEMENT FEES	212,317
		DEPRECIATION EXPENSE	180,000
		RESERVE CONTRIBUTION	618,000
		NET INCOME/(LOSS)	-92,000

Definitions

COGS: Cost of Goods Sold

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

Bodega Harbour Homeowners Association

Annual Disclosures FY 2022/2023

May 28, 2022

California law requires that community associations provide annual disclosures regarding their financial health and operational policies. In accordance with California Civil Code Sections 5300 and 5310, please review the following disclosure information which includes the Annual Policy Statement and Annual Budget Report.

Annual Policy Statement

1. Designated Recipient

Owners may submit communications to the Association by mail, email or fax addressed to the Association's designated agent; Anna Taylor, General Manager.

Mail

Bodega Harbour Homeowners Association
P.O. Box 368
Bodega Bay, CA 94923

Email

annataylor@kempersports.com

2. Right to Notice to Two Addresses

Members may submit a request to the Association to have notices sent to up to two different specified addresses.

3. General Notice Location

General Notices will be posted in the shadow box located at the north Clubhouse entrance directly outside the Administration offices. Additionally, notices will also be emailed to members who have signed up for member access via the Association website. We encourage all members to utilize the website for news and notices and to receive notifications via email. You may sign up for member access by visiting www.bhha.org and creating a username and password. This also allows access to a member directory.

4. Right to Individual Delivery

Members have the option to receive general notices by individual delivery; (1) First-class mail, postage prepaid, registered or certified mail, express mail, or overnight delivery by an express service carrier. The document shall be addressed to the member at the address last shown on the books of the association; (2) E-mail, facsimile, or other electronic means, if the member has consented, in writing, to that method of delivery. The consent may be revoked, in writing, by the member.

5. Rights to Minutes

The minutes, proposed for adoption that are marked to indicate draft status, or a summary of the minutes, of any board meeting, other than an executive session, shall be available to members within 30 days of the meeting. The minutes, proposed minutes, or summary minutes shall be distributed to any member upon request and upon reimbursement of the association's costs for making that distribution. Civ. Code §4950(b)

6. Section 5300 BHHA Assessment Collection & Lien Policy

A. Assessments in General. The Association has a duty to levy annual and special assessments sufficient to perform its obligations under the governing documents and California law.

Annual assessments are payable during the year in quarterly installments or at such other intervals as the Board of Directors shall designate. Special assessments and any other assessments authorized in the Declaration shall be due and payable on the due date specified by the Board.

B. Obligation to Pay Assessments. Each assessment is an obligation of the owner at the time it is levied. Each assessment is *also* a lien on the owner's lot from and after the time the Association causes a Notice of Delinquent Assessment to be recorded with the County Recorder's Office.

C. Notice of Assessments. Not less than 30 days or more than 60 days before any increase in the annual assessment or any special assessment becomes due; the Association will give the owners notice of the assessment. Thereafter, the Board of Directors may elect to provide additional periodic statements of assessments and charges, but lack of such statements does not relieve the owners of the obligation to pay assessments.

D. Designation of Agent. The Board of Directors may designate an agent or agents to collect assessment payments and administer this Assessment Collection Policy. Such designated agent may be an officer of the Association, manager, banking institution, law firm or other appropriate agent.

E. Due Date/Delinquency Date of Assessments. Unless otherwise specified by the Board, an assessment is due and payable in equal quarterly installments on the first day of January, April, July and October. An assessment is delinquent if not received as directed by the Board or its designated agent 30 days after it becomes due.

F. Late Charges/Interest. An assessment or any portion thereof that is delinquent shall incur a late charge of 10% of the delinquent assessment. Beginning 30 days after the assessment becomes due, the entire unpaid balance of an assessment account, other than accruing interest, shall bear interest at an annual percentage rate of 12%.

G. Collection Expenses. Any costs and fees incurred in processing and collecting delinquent amounts, including, without limitation, late and interest charges, charges for preparation of delinquency notices or referral for collection, postage and copies, and attorneys' fees and costs, shall become an additional charge against the owner and the owner's lot and shall be subject to collection action pursuant to this Policy.

H. Application of Payments. Payments shall be applied first to principal owed, then to interest and collection charges.

I. Initial Delinquency Notice. If a balance of \$1.00 or more remains unpaid on an owner's account, a reminder statement will be sent each month with a past-due note, until the owner is sent notice of the Association's intent to record alien.

J. Notice of Intent to Lien. If an assessment account remains unpaid for 120 days after it is due, the Association or its agent shall notify the owner by certified mail that a lien will be recorded unless the entire balance of the account is paid within 30 days. The notice shall include a general statement of the collection and lien enforcement procedures of the Association, an itemized statement of the charges owed as of the date of the notice, including the costs of the notice of intent, and other disclosures required by law. Payment may be required in certified funds. Notwithstanding the grace period specified in this Paragraph, a notice of intent to lien may be sent to a delinquent owner at any time during an open escrow involving the owner's lot or should any special assessment or other assessment authorize in the Declaration become delinquent.

K. Recordation of Lien/Foreclosure. A lien shall be recorded against the owner's lot, without further notice to the owner, if the owner fails to pay the entire balance of the account within the 30-day period specified in the notice of intent to lien. The Association may commence foreclosure proceedings 31 days after the lien is recorded if the owner still has not paid the entire balance of the account or entered into a payment agreement with the Association.

IMPORTANT NOTICE: IF AN OWNER'S LOT IS PLACED IN FORECLOSURE BECAUSE THE OWNER IS BEHIND IN PAYMENT OF ASSESSMENTS, THE LOT MAY BE SOLD WITHOUT COURT ACTION.

L. Acceleration of Assessments Due. Upon the recording of a lien, the Board may, at its option, declare due and payable the entire balance of all sums then due or to become due from the owner, including the balance of the annual assessment and of any special assessment. This total sum may be included in any foreclosure proceeding or collection action.

M. Dishonored Checks. At any time that the Association or its agent receives a check dishonored by the bank for any reason, a charge of \$25 shall be imposed. The Association may also seek damages in accordance with California Civil Code section 1719.

N. Receipts. Owners may request and receive a receipt upon making an assessment payment. The receipt will indicate the date the payment was received and the name of the person who received it.

O. Partial Payments. Neither the Association nor its designated agent is obliged to accept partial payments on an assessment account.

P. Release of Lien. A Release of Lien will not be recorded until the entire balance of the owner's account is paid. All charges incurred in recording the Release, including reasonable attorney's fees, will be charged to the owner's account. Upon satisfaction in full of the entire balance owing, the Association shall within 21 days record or cause to be recorded a Release of Lien.

Q. Dispute of Charges. An owner may dispute the amount stated in the notice of intent to lien by submitting to the Board a written explanation of the reasons for disputing the amount. A telephone call will not reserve any right. If the Board of Directors receives the owner's written statement within 15 days of the postmark of the notice of intent to lien, the Board shall respond in writing to the owner. The owner should provide the following information regarding any dispute:

1. The owner's name, mailing address, and account number.
2. The exact dollar amount claimed to be in dispute or in error.
3. For each charge or payment in dispute, an explanation of the reasons the owner believes there is an error, with sufficient detail such as dates, names and check numbers, so that the dispute may be investigated efficiently and effectively. If the owner does not know how the error was made, that statement may be made.
4. Copies of checks, letters or other documents referred to or claimed should accompany the written explanation.

R. Other Remedies. The Association reserves the right to avail itself of any other remedy permitted by law and the Association's governing documents to collect assessments and related costs and charges, including but not limited to, bringing an action in Small Claims or Superior Court. Such remedies may be taken in addition to, or in lieu, of any action already taken, and commencement of one remedy shall not prevent the Association from electing at a later date to pursue another remedy.

S. Address of the Association and the Board of Directors. Owners should respond in writing to the address below directed to the Association's designated agent or Board of Directors. If no alternate address is given, correspondence and petitions should be mailed to the Association at the following address:

Board of Directors
Bodega Harbour Homeowners Association
P.O. Box 368
Bodega Bay, CA 94923

Payments, including overnight payments, should be addressed to Bodega Harbour Homeowners Association may be mailed to the same address.

7. Rules Enforcement Policy

The Board has approved the following Fine Policy to aid in the enforcement of the governing documents. The amount of the fine for violations of the CC&Rs, including Landscape Guidelines and Design Review Guidelines, will be \$20.00 (twenty dollars) per day until compliance is achieved. There will be no maximum amount and no “not to exceed” clause. Violations of the BHHA Rules, Procedures & Fines as approved by the Board of Directors will be enforced by issuing an initial warning with no fine, subsequent violations will incur a \$250 fine for the 1st violation and \$500 for the second. First violations of Nuisance Noise rule will result in a \$500 fine. In addition, for violations the Board determines to be extreme, fines up to \$50,000.00 per occurrence may also be levied for non-approved construction, non-approved landscaping or other additions or alterations in violation of any provision of the Project Documents, including conversion of garage space that precludes the parking of the number of vehicles in the garage for which it was intended.

8. Section 5975 ADR Summary

State law requires homeowners’ associations and their members to attempt to submit certain disputes in enforcement of the governing documents to Alternative Dispute Resolution prior to going to court. This law pertains only to matters related to the enforcement of governing documents and includes all requests for declaratory or injunctive relief; or for declaratory or injunctive relief in conjunction with a claim for monetary damages, not in excess of \$5,000. The form of Alternative Dispute Resolution chosen may initiate the process by serving the other party with a “Request for Resolution.” The other party will have 30 days to accept or reject the request. If accepted, the Alternative Dispute Resolution process must be completed within 90 days. If suit is filed, the complainant must file a certificate saying the Alternative Dispute Resolution has been completed. A certification need not be filed if the complainant certified that: (a) the other party refused to submit to mediation or arbitration; (b) immediate orders of the court are required; (c) the limitation period for bringing a civil action would expire within 120 days. Failure by any member of the association to comply with the pre-filing requirements of Section 5975 of the Civil Code may result in the loss of your rights to sue the association or another member of the association regarding enforcement of the governing documents.

The prevailing party may be awarded attorney’s fees and costs in any lawsuit to enforce the governing documents. The court may consider any party’s refusal to participate in pre-litigation ADR when it determines the amount of the reward.

9. Architectural

The Association requires approval of physical changes to property. The Design Review Guidelines describe the types of changes that require Association approval and include a copy of the procedure used to review and approve or disapprove a proposed change. A copy of the complete guidelines may be requested from the Administration Office or found on the Association website; www.bhha.org.

Annual Budget Report

Assessment and Reserve Summary and Funding Plan
For the Fiscal Year Ending 2023
California Civil Code Sections 5565; 5570

1. The regular assessment per ownership interest is \$325.00 per month to be paid quarterly (\$975).
2. Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members: N/A
3. Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association’s obligation for repair and/or replacement of major components during the next 30 years?
Yes No
4. If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members? N/A
5. All major components are included in the reserve study and are included in its calculations.
6. Based on the method of calculation in paragraph (4) of subdivision (b) of [Section 5570](#), the estimated amount required in the reserve fund at the end of the current fiscal year is \$4,640,034, based in whole or in part on the last reserve study or update prepared by Barrera & Company as of May, 2022. The projected reserve fund cash balance at the end of the current fiscal year is \$2,200,000 resulting in reserves being 47% funded at this date.
7. Based on the method of calculation in paragraph (4) of subdivision (b) of [Section 5570](#) of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$_____, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is \$_____, leaving the reserve at _____ percent funded. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be \$_____, leaving the reserve at _____ percent funded. See below

Fiscal Year	Annual Funding Amount	Average Monthly Fee per Unit	Projected Annual Expenditures	Year-End Balance	Fully Funded Reserve	Percent Funded
2022-2023	\$618,000	\$71.03	\$1,014,443	\$1,833,583	\$4,281,680	43%
2023-2024	\$636,540	\$73.17	\$655,611	\$1,841,873	\$4,298,592	43%
2024-2025	\$655,636	\$75.36	\$1,161,994	\$1,359,345	\$3,811,350	36%
2025-2026	\$675,305	\$77.62	\$956,256	\$1,096,677	\$3,538,819	31%
2026-2027	\$695,564	\$79.95	\$636,442	\$1,172,694	\$3,605,465	33%

Note: Funding and anticipated expenditures have been computed with a time value of money approach with the following rates:

- Inflation 3.00 % Applied to the anticipated expenditures
- Interest 1.50 % Applied to the average annual reserve balance

8. The Association has no outstanding loans as of the date of this notice.

9. Percentage Funded - Based on the estimated current replacement costs of \$6,513,378 and estimated useful lives and remaining useful lives for the individual reserve components, the annual (day 1) reserve funding for the Bodega Harbour Homeowners Association is \$618,000 and the Fully Funded Reserve as of June 30, 2022 is estimated to be \$4,640,034. As of this date the Association has projected \$2,200,000 to be in savings available for reserves. This will be a deficit of \$2,640,034 under the Fully Funded Reserve. Based on these numbers, the Bodega Harbour HOA will be 47% funded as of June 30, 2022. This percent funded value presented in the data summary sheet is calculated by dividing the current (or projected) cash reserve savings by the Fully Funded reserve amount. The maximum reported percentage is 100%, and indicates an association is currently fully funded.

Bodega Harbour Homeowners Association
Summary of Insurance Policies

Commercial General Liability Limits:

Insurance Carrier – Nationwide Mutual Insurance Company

Policy: ACP 3029433053

Effective Date: 09/18/2021 – 09/18/2022

\$2,000,000	General Aggregate Limit
\$2,000,000	Products/Completed Operations to Aggregate limit
\$1,000,000	Personal and Advertising Injury Limit
\$1,000,000	Each Occurrence
\$ 100,000	Damage to Premises Rented to You
\$ 5,000	Medical Expenses
\$1,000,000	Liquor Liability Each Common Cause
\$2,000,000	Liquor Liability Aggregate Limit
\$ 50,000	Employment Practices Liability Aggregate Limit

Commercial Property Limits: (Heron Drive)

Insurance Carrier – Nationwide Mutual Insurance Company

Policy: ACP 3029433053

Effective Date: 09/18/2021 – 09/18/2022

21301 Heron Drive – Restaurant/Admin./ Exercise

\$5,276,700	Building Coverage
\$ 617,400	Personal Property
\$2,061,000	Business Income w/Extra Expense
Deductible Building: \$5,000 BPP: \$5,000 Business Income: 72 Hr. Wait	

Golf Maintenance Buliding

\$ 724,400	Building Coverage
\$ 926,100	Personal Property
Deductible Building: \$5,000 BPP: \$5,000	

Bathrooms Holes 13 & 5

\$ 74,700	Building
Deductible Building: \$5,000	

21295 Heron Drive – Pro Shop

\$ 906,100 Building
\$ 869,600 Personal Property
\$ 900,000 Business Income
Deductible Building: \$5,000 BPP: \$5,000 Business Income: 72 Hr. Wait

20600 Highway 1 – Ranch Caretakers

\$ 639,600 Building
\$ 30,900 Personal Property
Deductible Building: \$5,000 BPP: \$5,000

Bruhn Ranch Maintenance

\$ 906,100 Building
\$ 308,700 Personal Property
Deductible Building: \$5,000 BPP: \$5,000

Modular Building

\$ 12,800 Building

50 Harbour & Heron Drive – Guard Shack

\$ 42,700 Building
Deductible Building: \$5,000

Inland Marine:

Insurance Carrier – Nationwide Mutual Insurance Company

Policy: ACP 3029433053 Effective Date: 09/18/2021 – 09/18/2022

\$186,000
Deductible: \$500

Commercial Auto Limits:

Insurance Carrier – Nationwide Mutual Insurance Company

Policy: ACP 3029433053 Effective Date: 09/18/2021 – 09/18/2022

\$1,000,000 Combined Single Limit
Deductible: See Vehicle Schedule

Commercial Umbrella Liability Limits:

In Excess of Commercial General Liability and Auto Liability

Insurance Carrier – Nationwide Mutual Insurance Company

Policy: ACP 3029433053 Effective Date: 09/18/2021 – 09/18/2022

\$5,000,000 Each Occurrence and Annual Aggregate

Deductible: \$0

Commercial Umbrella Liability Limits:

In Excess of Commercial General Liability and Auto Liability

Insurance Carrier – Burlington Insurance Company

Policy: 351BE03920-01 Effective Date: 09/18/2021 – 09/18/2022

\$4,000,000 Each Occurrence and Annual Aggregate

Deductible: \$0

Earthquake (Heron Drive) – 21301 & 21295

Insurance Carrier – Palomar Specialty Insurance Company

Policy: CPDCp-22-1112215-00 Effective Date: 02/21/2022 – 02/21/2023

\$8,116,000

5% Deductible

Directors and Officers Limit(s):

Insurance Carrier – Travelers

Policy: 106000048 Effective Date: 10/26/2021 – 10/27/2022

\$1,000,000 General Aggregate Limit of Liability for each policy year

\$ 0 Deductible for Directors

\$ 10,000 Deductible for the Association

Commercial Auto – Delivery Only Insurance Carrier – Progressive

– United Financial Casualty Company

Policy: 04038272-1 Effective Date: 03/18/2022 – 09/18/2022

\$2,000,000 Combined Single Limit – Bodily Injury

\$ 500 Comp. Deductible

\$ 1,000 Collision Deductible

Commercial Excess – Delivery Only

Insurance Carrier – Kinsale

Policy: 0100162929-0 Effective Date: 09/18/2021 – 09/18/2022

\$2,000,000 Each Occurrence and Annual Aggregate