

Dear co-owner:

The Caravans West board is pleased to present you with the proposed 2021 Annual Budget and Commentary. This budget package will provide you with the necessary information needed to make important voting decisions. **Please read this document carefully and thoroughly.** If you have questions or concerns, please send an email to [cwoa.secretary@gmail.com](mailto:cwoa.secretary@gmail.com) and a board member will contact you to discuss it further. Thank you in advance for your consideration.

Our 2021 budget proposal is different from previous years as it contains 3 separate but key elements with a focus on both the short-term and long-term financial health and development of our park.

1. Annual Operating Budget including major capital upgrades to our wastewater treatment plant and the gate security system: **\$3,030.26/site**
2. Replenishing the Contingency Fund: **\$194.25/site**
3. Creation of a Reserve Fund tied to Bramwell depreciation study: **\$262.50/site**

**Total 2021 proposed fees per site: \$3,487.01**

The forecasts included in this budget are based on assumptions derived from present circumstances, past experiences, as well as the Bramwell depreciation study. Although unforeseen emergencies or expenses may occur, the Board of Directors is confident that the 2021 Operating Budget offers a prudent blueprint to keep our park financially sound and in 5-star condition.

#### 1. Annual Operating Budget:

The 2021 Operating Budget focuses primarily on day-to-day operating expenses. Additionally, it includes two critical major capital upgrades. **The Annual Operating Budget has a total cost of \$1,247,500.00** and can be broken down as follows:

	<b>2020 Budget</b>	<b>2020 Year to Date</b>	<b>2021 Budget</b>
<b>Total Administrative Costs</b>	\$ 81,900.00	\$ 87,219.30	\$ 102,800.00
<b>Total Operating Costs</b>	\$ 564,800.00	\$ 470,274.50	\$ 585,000.00
<b>Total Repairs &amp; Maintenance</b>	\$ 268,700.00	\$ 236,565.09	\$ 165,200.00
<b>Total Major Capital Upgrades</b>	-	\$ 375.00	\$ 168,500.00
<b>Total Property Tax Assessment</b>	\$ 215,000.00	\$ 225,869.76	\$ 226,000.00
	<b>1,130,400.00</b>	<b>\$ 1,020,303.65</b>	<b>\$ 1,247,500.00</b>

*\*For a line by line breakdown of each budget item, please see the detailed budget and comments in the attached information package.*

Outside of the day-to-day operating expenses, the two critical major capital upgrades are as follows:

#### a) Wastewater Treatment Plant Upgrades

Key functional elements of the Wastewater Treatment Plant have reached the end of their useful life and the plant can no longer function safely or reliably. These repairs and upgrades are critical to maintain the essential sewage service to the park. **The Wastewater Treatment Plant upgrade has a total cost of \$150,000 (\$392.67/site).** Key components of the necessary upgrade are:

- A modern control system with built-in safety and remote operation features
- Upgrades to electrical wiring, pumps, gas monitoring and ventilation systems to meet current operational and safety codes
- The integration of a fourth tank to increase capacity during peak usage times
- Supplementary training for key personnel

#### b) Gate Security System Upgrades

The controlling hardware and card readers to open the gates are obsolete and failing. Our security company can no longer provide repair parts and therefore the system needs to be upgraded as soon as possible. **The replacement of hardware for the Gate Security System has a total cost of \$18,500 (\$48.43/site).**

## 2. Replenishing the Contingency Fund

Our Contingency Fund was created to pay for large unexpected and unbudgeted expenses to repair or replace any of our common facilities, amenities, or infrastructure. Withdrawal from the Contingency fund requires the prior approval of the majority of our co-owners voting on a duly presented resolution or motion. The only exception is in the case of an emergency relating to water, sewer, or electricity in which case the board can access the funds without prior approval of the co-owners.

Previous uses of this fund include:

- Addition of chlorination to our water system as mandated by the province
- Recent water system infrastructure upgrades

Our Contingency Fund has become severely depleted and based on industry standards, we have estimated that the total balance for the Contingency Fund should be maintained at a balance of \$500,000. There is currently approximately \$150,000 in the fund. **The board is requesting a three-year commitment of \$74,203.50 or \$194.25/site including GST to replenish the fund.**

### **3. Creation of a long-term Reserve Fund tied to Bramwell depreciation study**

The Board of Directors recently engaged Bramwell and Associates to prepare a comprehensive depreciation study of the assets and amenities of the park. We have received a lot of positive feedback from the co-owners about this report. From the report, we are in the process of creating a detailed 5-year road map of scheduled repairs, maintenance and/or replacements of our assets.

With this in mind, we propose to establish a fund tied directly to these longer-term planned needs. The Reserve Fund would be used on an as-needed basis and tied directly to the life expectancy of our assets. Creation and the ongoing capitalization of the Reserve Fund is crucial to ensuring the necessary repairs and replacements are properly funded in line with the Bramwell depreciation schedule and our associated road map. **The board is requesting a three-year commitment of \$100,275 or \$262.50/site, including GST for this fund.**

The Board of Directors has made every effort to present the co-owners with a realistic budget that reflects our park's 2021 financial requirements, along with our recommendation to capitalize our Contingency Fund and Reserve Fund over the next 3 years. We have gathered input from many co-owners, the Long-Term Planning Committee, park management and our financial advisors including the Bramwell team to do so.

Again, we respectfully ask that you carefully consider the recommendations and if you have questions or concerns, send an email to [cwoa.secretary@gmail.com](mailto:cwoa.secretary@gmail.com) and a board member will contact you to discuss it further.

Thank you,  
Your Board of Directors