

Restructuring The Capital Improvements Program May 24, 2022

ISSUE:

As the Lake Holiday Capital Improvement Program has not evolved as originally envisioned, it may be time to consider restructuring the entire program.

BACKGROUND:

It was originally envisioned that there would be a few capital improvements that the board would elect to implement, and that the annual budget could only accommodate the expenditure of approximately \$5,000 in any given year for such improvements without excessive or special assessments. Any capital improvement project estimated to cost over \$5000 would be included in the CIP and monies would be collected over the requisite number of years until sufficient funds were available to execute the project.

As it has evolved, the Lake Holiday CIP contains a large number of individual board-approved projects. The annual budgeted amount for capital improvements currently exceeds \$100,000+, an amount far in excess of the \$5,000 figure originally envisioned for the Lake Holiday CIP.

In order to consider reasonable alternatives to the current CIP that has become increasingly cumbersome and less efficient, it is necessary to accept certain assumptions.

1. The annual total CIP budget will remain in the current range, i.e. on the order of \$100,000+.
2. There will continue to be projects estimated to cost over \$5,000, and, therefore, be candidates for CIP funding.

RECOMMENDATION:

Rather than continue to fund a large number of projects over several years, an alternative approach should be considered. Assuming each year's annual budget can accommodate on the order of \$100,000+ for capital projects, the board should consider applying the \$100,000+ to execute one or more projects in any given year. Rather than stretch out all capital projects, consideration should be given to prioritizing projects by the BOD and executing as many on the list of capital projects that can be accommodated in each year using the \$100,000+ budgeted amount. Individual projects not high enough on the priority list, would remain on the list and would be executed when their priority is reached and the budgeted amount is available. "Major" projects that necessitate saving over a period of years could still have monies set aside.

SUMMARY:

This approach should simplify accounting and accelerate the implementation of specific individual projects without stretching all over an excessively large time frame. This has been run by our accountants and should not have any tax ramifications.

PROPOSED MOTION(S) or ACTION(S):

Effective with the 2023 Budget, implement the priority-based Capital Improvements Program.

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Ed Noble
Treasurer