

Frequently Asked Questions Proposed 2010 Budget

The HOA office has received many questions from our residents concerning the proposed 2010 budget. We have compiled these questions in one area and posted these FAQ's for all residents to review and to help you understand how we came to the various numbers.

Resident questions are noted in Black and responses are noted in Blue.

For 2010 there is no budget for late charges and in 2009 we did not receive any income for this. With the delinquency rate Daybreak currently maintains where are the late fees going?

This fee is given to the company that manages the billing and initial collection process, therefore and is not shown as income.

Why does the HOA depend on a subsidy from Kennecott Land? Why is the subsidy amount not budgeted for? Will Kennecott increase their contribution to reduce the expenses passed on to the HOA community?

Kennecott Land is obligated through the governing documents to pay a subsidy. The subsidy is not shown as an income in the budget. However, during the year Kennecott Land does subsidize the deficit. For 2010 Kennecott Land will subsidize \$409,067. This is provided the budget is approved as presented. With this subsidized amount the 2010 budget is a zero based budget.

Will the Association be self-sustaining in the future?

As the community grows there will come a time Daybreak will be self-sustaining. When that time occurs Kennecott Land will no longer subsidize Daybreak. This date will depend on the home sales for Daybreak.

What is the Design/Architectural Review Fee?

These are fees that would be considered for the Design Review application (\$50 per application) and Architectural Review application (\$250 per application). These fees are to off set the amount of time the staff puts into each application and to cover the office supplies the committee utilizes.

Community Management shows a 15% increase. What new positions have been or will be added that reflect the additional \$71K expense? How much of the expense is directed toward an increase in salaries/compensation for current staff?

We have added one grounds keeper this year. This person's salary will be off set by eliminating a sub-contractor. By adding this person we anticipate to have a savings of approximately \$40,000. Many residents expressed the need for additional park maintenance. This position will work weekends to ensure the common areas are better kept.

License, Fees & Permits reflects an increase from last year. What is the explanation for this increase?

In previous years we did not have to pay for the various software licenses. Each computer we have in the HOA office and Community Center is now charged an annual fee for Microsoft Office and Anti-virus software for each computer in use.

How many homeowners are past due on their HOA Fees?

As of September 30, 2009 the delinquencies for the HOA is 10.83%, this equates to 359 homeowners. The HOA office team works very closely with the collection attorney. The Board of

Directors has directed the team and attorney to be very aggressive with the collections of outstanding fees.

Are homeowners that are past due restricted from using HOA amenities?

Yes, once any owner becomes past due 30 days we suspend access to amenities. This remains in affect until the owner once again is current with all dues applied to their account.

Management Fees are increasing 24%. For what reason/need?

Management Fees are based on a per unit cost and not an annual increase. The fee only increases according to projected home closings.

Why is postage increasing with the discontinuation of the newsletter?

Postage has increased due to reallocating the postage of the quarterly statements mailing for 2010. We are required by the governing documents to send violation/fine letters both First Class Certified Mail and to mail any changes to the Governing Documents via First Class mail to all homeowners.

There are three televisions in the workout area. Residents were initially told these were provided as a complimentary service by Qwest when they were originally installed. Why is there \$1400 budgeted for this service?

Qwest donated the original LCD TV's to the Community Center. There is a cost for service to allow the Community Center to have TV viewing capability.

Are we paying more for internet service for the HOA office and amenities than what is included in our bulk contract?

The HOA office does not have fiber optic connection, like that of many homes in Plat 1 we are not included in the bulk contract. We have several areas that must have internet service that are not included in bulk contract i.e. the pools, tennis court in Eastlake and RV Park we must contract with a local internet provider.

The Qwest portion of the overall budget is 26%. Are we renewing the contract with the Qwest?

The Qwest contract expires August 19, 2010. The Board of Directors is currently in negotiations with Qwest. The cost per home has been steady for the past five year at \$35.00 per home. The cost increased is due to the growth of the community.

Why allow the replacement of park and open space dead trees?

The HOA has required all owners to replace their dead park strip trees to stay in compliance. The HOA must maintain the parks and open spaces and budgeted several trees to be replaced in 2009. These trees are being purchased this week in Oregon and will be shipped to Utah in the next week. We will begin planting the HOA park strip trees in the upcoming weeks. In the 2010 budget we made a consideration to allow the remaining 150 trees to be funded for and replaced in the spring of 2010.

Why is Landscape Maintenance increased by 32%?

We are recognizing a 40% growth of Open Space and Parks. Even with the growth our team has negotiate with our vendors a rate that is lower than the growth of these spaces.

What are the landscape extras that will be purchased for \$29,596 in 2010?

The landscape extras would be for any new plantings, mulch, flowers, shrubs and/or trees that would be to improve various areas throughout Daybreak.

What is the Park signs proposed to be deferred?

The monument signs for the parks in Daybreak have been deferred.

For 2010 the splash pool has a budget allocation of \$250 and the swimming pool an additional \$884 for uniforms. How many staff members are being uniformed?

We provide all of our lifeguards with shirts, jackets (we have 4 jackets shared by all lifeguards), shorts, visors, whistles and fanny packs (fanny packs are a requirement of Ellis & Associates). We will also be putting the Splash Pool team in uniforms. This is to maintain a professional appearance by all 25 of our team members.

One consideration proposed to the budget is to close the Eastlake Pool on Labor Day. What was the cost to operate this pool in 2009 with the extended hours?

The cost this year to operate the Eastlake Pool was approximately \$27,000 for a three weekend period. During this time there were only 288 visitors to the pool, on some days there were only single digit numbers that visited.

What office supplies are needed at the splash pool and swimming pool?

There are various flyers and forms that are required by the Health Department and Ellis to maintain the mandatory logs. This also covers the copy costs for training manuals.

In the 2010 budget there is a budget for a Telephone and DSL at both Eastlake Pool and the Splash pool, please explain.

Each pool is required to have a hard line for the phone system in the event of an emergency and have a separate phone line for the entry system. The DSL internet is needed for the entry system (owner ID cards).

Why do we not have a budget for Class Revenue, Contracted Instructors or Child Watch Fees? Are classes and child watch services going to be discontinued or are they going to be made free?

These fees are now incorporated with in the LiveDAYBREAK budget. The fee remains and is not going to be free.

The Community Center rent has increased, if our contract didn't include a fixed rate, then we should be negotiating a lower rate to be more inline with current market conditions.

The monthly lease amount has increased according to the lease agreement that has been in place from the beginning. Currently the Community Center is owned by Kennecott Land. There is a possibility sometime in the future the Community Center will be sold to the Association. Should this happen, the Association will than have a mortgage payment versus a lease payment.

Why has the landscape maintenance budget increased for the Community Center?

In 2009 Landscape Maintenance was split with between the Community Center and Council. Due to the rebranding and relocation of the LiveDAYBREAK team, the Community Center is responsible for the entire amount. All facility operations are the responsibility of the Association.

Only programming and events expenses within the facility are the responsibility of LiveDAYBREAK.

Nine dollars plus per month is a significant increase. How many families are in a position to provide such an increase? How will the increase impact home sales?

It is clearly understood nine dollars per month is a significant increase. Coming to this amount was not an easy process; our team has been working on all budgets diligently for the past two month with over 30 versions. To keep the costs to the Association as low as possible we send out for bids for Landscape Maintenance, Insurance and other contracts. In 2010 you will find some new sub-contractors coming into Daybreak to perform this work, they were chosen due to their lower pricing. If these companies do not perform to the vision of the founder then there services will be severed and we will contract with a company that is capable to perform the proper landscape maintenance.

We must keep in mind as Daybreak grows so will the open spaces and parks. With this growth come obligations to maintain to the founder's vision. As more homes are built and close in Daybreak we should see the assessments stabilize. When you look at the amount of amenities within Daybreak in comparison to other communities we have more amenities and have a lower monthly assessment than those other communities.