

**SEAPOINTE VILLAGE MASTER ASSOCIATION
2019 - 2020 BUDGET**

	2019-2020 Budget	% of Budget	2018-2019 Budget	Variance	% Change
INCOME					
Master Fees	\$2,314,200	86.6%	\$2,225,196	\$89,004	4.0%
Amenity Usage Fees	\$93,996	3.5%	\$92,100	\$1,896	2.1%
Miscellaneous Fees & Income	\$78,750	2.9%	\$79,750	-\$1,000	-1.3%
Reimbursable Wages	\$184,000	6.9%	\$170,000	\$14,000	8.2%
TOTAL INCOME	\$2,670,946	100.0%	\$2,567,046	\$103,900	4.0%
EXPENSES					
Administrative & General	\$393,150	14.7%	\$379,600	\$13,550	3.6%
Professional Services (Legal, Engineering, Audit)	\$60,500	2.3%	\$49,000	\$11,500	23.5%
Management & Support Services	\$257,550	9.6%	\$255,000	\$2,550	1.0%
Office, Telephone & Postage	\$43,000	1.6%	\$43,000	\$0	0.0%
Miscellaneous Admin Expenses	\$32,100	1.2%	\$32,600	-\$500	-1.5%
Insurance (Liability, D&O, Workers Comp)	\$150,100	5.6%	\$145,900	\$4,200	2.9%
Operating Expenses	\$1,532,780	57.4%	\$1,483,100	\$49,680	3.3%
Custodial & Maintenance Supplies	\$71,000	2.7%	\$69,000	\$2,000	2.9%
Pool & Spa Operations	\$70,000	2.6%	\$70,000	\$0	0.0%
Security Supplies	\$10,000	0.4%	\$10,000	\$0	0.0%
Beach Operating Expenses	\$32,000	1.2%	\$27,000	\$5,000	18.5%
Landscaping & Extermination	\$186,600	7.0%	\$185,500	\$1,100	0.6%
Payroll & Related	\$1,132,180	42.4%	\$1,090,600	\$41,580	3.8%
Trash	\$20,000	0.7%	\$20,000	\$0	0.0%
Uniforms & Miscellaneous Operating Exp.	\$11,000	0.4%	\$11,000	\$0	0.0%
Utilities	\$306,500	11.5%	\$286,000	\$20,500	7.2%
Cable TV / Internet Access	\$15,000	0.6%	\$15,000	\$0	0.0%
Electric	\$116,500	4.4%	\$112,000	\$4,500	4.0%
Gas	\$49,000	1.8%	\$42,000	\$7,000	16.7%
Water	\$126,000	4.7%	\$117,000	\$9,000	7.7%
Bad Debt Reimbursement / Depreciation	\$16,440	0.6%	\$7,460	\$8,980	120.4%
Reserve Contributions	\$271,976	10.2%	\$264,986	\$6,990	2.6%
TOTAL EXPENDITURES	\$2,670,946	100.0%	\$2,567,046	\$103,900	4.0%
MONTHLY CONDO FEE					
One bedroom	\$313.00		\$300.00		
One bedroom den	\$349.00		\$335.00		
Two bedroom	\$385.00		\$370.00		
Two bedroom den / SFH / TH	\$457.00		\$440.00		

SEAPOINTE VILLAGE MASTER ASSOCIATION BUDGET LINE ITEM INFORMATION

INCOME

Master Fees from Associations

Monthly condo fees are made up of two components: the fee for the Master Association and the fee for the village Association.

Amenity Usage Charges - Ibis Residences

Each of the 22 residential condo units in the Ibis Residences are required to pay a fee to the SPVMA for use of the SPVMA recreational amenities. The fee is determined by taking the lesser of: 1) the total amount of the Master Association 2019 budget for all non-administrative expenses divided by the total number of condominiums using the amenities; or 2) a 5% increase over previous year. The formula for determining this fee was established as part of the beach and amenity purchase agreement executed in October 2000.

Miscellaneous Fees & Income

Administrative Initiation Fees

Administrative Initiation Fee income is a function of resale activity at Seapointe Village.

All condo resale contracts entered into after June 1, 2008 require each resale purchaser to pay a non-refundable fee equal to 2 times the monthly dues.

Additional miscellaneous income is generated from recreation/beach tag sales; parking meter income, sales of gate access cards and replacement parking tags; vending commission; beach storage locker rental income; and lease of the beach concession/deli-trailer.

Reimbursable Payroll Expenses

Custodial and maintenance labor are charged to the individual Associations for work performed for their respective Villages. Charges reflect all payroll and related costs including payroll taxes, medical benefits and workers compensation charges.

Actual payroll hours are tracked through payroll worksheets completed by each individual employee and reviewed by management. This Master budget income line item is the cumulative total of the labor charges for each of the individual Villages.

Custodial labor follows the seasonal custodial building needs plan.

Maintenance labor follows estimates of labor for preventive maintenance schedules and may also incorporate allowances for specific village-anticipated project work (interior common area painting, for example), and in-season increases for extraordinary demand maintenance.

ADMINISTRATIVE & GENERAL EXPENSES

Professional Fees

Costs for professional services including: accounting (preparation of the annual financial statements and tax return); legal (general advice and issue-specific counsel); and engineering and consultants (annual CAFRA permitting requirements; Shore Protection Plan, etc)

Management & Support Services

Management fees include staffing for the on-site association management office for the general manager, a full-time year-round office assistant, summer community services manager, and off-site back office accounting, bookkeeping and payroll services for all villages.

Office, Telephone & Postage

Costs for all supplies, equipment and postage to operate the Association Management Office. Telephone costs for all phones in the Management Office, maintenance, custodial and security/aquatics offices, gatehouse, phone lines to the swimming pools, and the security cell phone.

Miscellaneous Admin & General Expenses

Includes line items expenses for: Rent; Property taxes; Licenses & inspections; Meeting expenses; filing fees and other miscellaneous expenses

INSURANCE EXPENSES

Includes premiums paid by the SV Master Association for the property and casualty package; umbrella liability insurance; directors & officers liability insurance; flood insurance (for the Ibis pool building); and workers compensation insurance.

OPERATING EXPENSES**Custodial & Maintenance Supplies**

Custodial expenses are for supplies for community restrooms (Pinnacle, Ibis and beach bathrooms) trash bags, brooms, interior light bulbs and other supplies needed to clean and operate the common areas throughout the village.

Maintenance supply expenses includes an allowance for plaza deck and sidewalk and street light maintenance; maintaining the perimeter walls and fences; exterior plumbing and electrical parts and service expenses. Includes service and purchase of lagoon pumps and sump pumps; drainage pump repairs; hvac system repairs; and miscellaneous tool or equipment repairs, such as dumpsters and golf carts. Also includes costs to maintain the Ibis pool building, Pinnacle Master common areas, including restrooms and community rooms, and supply purchases not directly attributed to exterior areas. Includes interior plumbing and electrical expenses, tools and supplies. Also includes costs associated with repair and maintenance of exercise equipment, BBQ grills, plaza deck furniture, tennis and basketball supplies; recreational amenity areas and the game room.

Pool & Spa Operations

Includes costs to operate the swimming pools and spas including: chemicals and consumables; equipment service; opening supplies; recreation tags; radios; required water testing; lifeguard certification and registration fees.

Security supplies

Includes costs for gatehouse supplies & printing; surveillance camera system service and maintenance; access gate system maintenance; radios; CPR & First Aid training and certification; new hire background checks; AED defibrillator service; Answercom service, security training and miscellaneous security supply costs.

Beach Operating Expenses

Includes cleaning and maintenance supplies for the beach; beach structures placement and pre-season grading; post-season removal; tent rental; tractor fuel and service; beach utility vehicle service; maintenance and service to all beach amenities; storage lockers, and beach cleaning and maintenance.

Landscaping & Extermination

Includes: landscaping service for irrigation system maintenance, spring clean-up, mulching, grass cutting and tree trimming, re-seeding; turf fertilization; replacement of shrubs; arbor care services; weed control; annual flowers and design, snow removal, miscellaneous landscaping supplies for in-house staff.

Exterminating budget includes year round exterior pest control services (building perimeters) and feral cat control.

Payroll & Related

Includes salaries and wages for all full time and seasonal Maintenance, Custodial, Security and Aquatics Department staff. Includes costs for wages, overtime, bonuses, sick, vacation, and holiday compensation. Includes costs for payroll taxes and medical insurance premiums for eligible staff.

Trash Removal

Trash removal includes extra pickups from mid-May through mid-September. (Lower Township provides one trash and recycling pickup per week for Seapointe Village which is adequate 8 months per year). Also includes an allowance for extra dumpsters for fall landscaping cleanup and periodic bulk trash removal.

Uniforms

Includes an allowance for seasonal & year-round operations staff; aquatics and security department uniforms.

UTILITIES**Cable TV/ Internet**

Includes cable television and wireless internet service for the game room and Pinnacle Community Room. Wireless internet access service (in all five building lobby common areas and Ibis pool) is included in this budget line item. The Master Association pays direct to Comcast for internet service for the 5 buildings; meeting rooms, and for Ibis pool.

Electric

Include all interior and exterior common areas, swimming pools, spas, lagoons and waterfalls, street lighting, Security Gatehouse and beach areas.

Gas

Includes all pool and spa heaters, firepit, barbecue grills, beach grill and heating for Master Common area in Pinnacle and Ibis pool building.

Water

Master Association pays all domestic water in all buildings, the quarterly fire line bills for SV I through V, and actual water bills for the Townhomes and Single Family Homes. The water line item also includes all water used for landscaping irrigation sprinklers, pools and spas.

BAD DEBT REIMBURSEMENT

Per resolution passed in March 2012, any Master portion of village bad debt (for uncollected condo fees) are to be reimbursed from the Master to respective villages along the same time frame as when incurred.

DEPRECIATION

An allowance for Depreciation expense is included in the budget draft based on accountant schedules.

SEAPOINTE VILLAGE MASTER ASSOCIATION BUDGET LINE ITEM INFORMATION

MINIMUM HOURLY WAGE

New Jersey minimum wage increases to \$10.00 in July 2019 and increases \$1.00 per hour each July until it reaches \$15.00 in July 2024.

Almost every non-supervisory position will be affected by this mandate. In 2018, only seven Seapointe Village employees earned \$15 or more per hour.

Seapointe Village employees worked a total of 67,134 hours in calendar year 2018. 53,396 hours (79.5%) were worked by employees earning less than \$15 per hour.

FINANCIAL IMPACT ON SV BUDGET

The average hourly rate was \$11.72 for these 53,396 hours. The approximate impact of a \$15 minimum hourly wage would be to increase annual payroll by \$175,139 ($\$3.28 \times 53,396$).

Assuming an additional 14% for payroll taxes ($\$175,139 \times 14\% = \$24,519$) would increase the estimated impact of a \$15 hourly wage to be \$199,658 ($\$175,139 + \$24,519$).

This additional \$199,658 would increase the 2019 payroll budget by 18.8%.
This additional \$199,658 is roughly 7.6% of the entire annual SV Master Assn budget.

Since the minimum wage increases incrementally, this increase in overall payroll expense is spread across the next 5 years, with the biggest impacts in 2020 through 2024. Budget impact in 2019 is \$20,000 (wages and payroll taxes). The budget impact is projected to be \$30,000 in 2020; \$40,000 in 2021; \$50,000 in 2022; \$30,000 in 2023 and \$30,000 in 2024.

CONSIDERATIONS TO CONTROL PAYROLL COSTS

The SVMA Finance Committee discussed ways to control payroll expenses in light of the minimum wage increase. Alternatives considered included: contract services for custodial and security; reducing services and reducing staffing.

Outsourcing the custodial and security department functions were not considered to be viable alternatives. Contract employees would be required to be paid the minimum wage, and there would be the loss of control and flexibility to focus custodial and security efforts where needed. In addition, the contractor would impose a surcharge on the labor provided.

The security function was outsourced to a contract service years ago. At that time, quality and effectiveness of contracted security staff was not acceptable, and the security function was returned in-house.

Outsourcing the aquatic department function for pool lifeguards was also not considered to be a viable alternative. Past proposals for this service were substantially more costly than in-house staff.

Contracted maintenance services are already in place for certain skills/tasks that require professional training and certifications (HVAC, domestic water pump service, etc). Year-round in-house Maintenance staff levels are determined through the development of the operating plan, taking into account preventive maintenance requirements during the off-season, man-power needs to open and close facilities, and anticipated demand for maintenance services in peak season.

Reducing services in order to reduce payroll was also considered. The operating plan for the off-season reduces frequency and time allotted for cleaning. Staffing levels are already reduced substantially during the off-season. Short term cost savings for custodial would be balanced against overall cleanliness.

New Jersey Enacts \$15 Minimum Wage Law

On February 4, 2019, Governor Phil Murphy signed into law legislation that will gradually increase the state's minimum wage to \$15 an hour for most employees. The first increase will take place in July 2019.

Under the New Minimum Wage Law, there are various phase in plans for small employers, seasonal employers, farm laborers, and training programs. A brief summary is listed below.

Date	Regular	Small Employers & Seasonal Workers	Farm Labor	Tipped	Training Wage
Jan. 1, 2019	\$8.85	\$8.85	\$8.85	\$2.13	N/A
Jul. 1, 2019	\$10.00	\$8.85	\$8.85	\$2.63	N/A
Jan. 1, 2020	\$11.00	\$10.30	\$10.30	\$3.13	\$9.90
Jan. 1, 2021	\$12.00	\$11.10	\$10.30	\$4.13	\$10.80
Jan. 1, 2022	\$13.00	\$11.90	\$10.90	\$5.13	\$11.70
Jan. 1, 2023	\$14.00	\$12.70	\$11.70	\$5.13	\$12.60
Jan. 1, 2024	\$15.00	\$13.50	\$12.50	\$5.13	\$13.50
Jan. 1, 2025	\$15.00 + CPI	\$14.30	Pending Approval	\$5.13 + CPI	\$13.50 + CPI
Jan. 1, 2026	\$15.00 + CPI	\$15.00	Pending Approval	\$5.13 + CPI	\$13.50 + CPI

Important Definitions

Employer: Includes any individual, partnership, association, or corporation in New Jersey. As well as, State government, and any county, municipality, or school district in the State, or any agency, authority, department, bureau, or instrumentality thereof, or any person or group of persons acting directly or indirectly in the interest of an employer in relation to an employee.

Small Employer: A business that employs five or less employees every working day during a majority of the calendar workweek in the current calendar year and not less than 48 calendar workweeks in the preceding calendar year. Special rules apply to newly established businesses.

Seasonal Employment: Includes (1) employment by a seasonal employer (defined below); (2) employment by a non-profit or government entity limited to the period of May 1 through September 30; and (3) employment by a government entity in a recreational program or service during the period May 1 through September 30.

Seasonal employer: A business that (1) exclusively provides its services in a continuous period of not more than 10 weeks from June through September; or (2) received at least two-thirds of its gross receipts in the previous calendar year in a continuous period of not more than 16 weeks; or (3) in the preceding year paid at least 75% of wages for work performed during a single calendar quarter.

What Should Employers Do Now?

New Jersey Employers should prepare themselves to comply with the new Minimum Wage Law. Watch for the implementation regulations from the Department of Labor and Workforce Development. To review the legislation, visit https://www.njleg.state.nj.us/2018/Bills/S0500/15_11.PDF