

# Answers to Resident Questions for the Morrison Ranch Community Council Board

## **Budget**

1. Why are big ticket items being left out of the annual meeting?

We like to use Annual Meetings as a time to celebrate our community. The presentations are meant to highlight accomplishments from the prior year and discuss any major upcoming projects. While we try to address all items we think homeowners will find important, this is not always possible. If there is a topic you would like discussed at the annual meeting, we would encourage you to submit those questions prior to the meeting. However, we should have mentioned the probability of an assessment increase in the May meeting. Of course, you don't have to wait until an Annual Meeting to have your questions answered. You are always welcome to reach out to our Community Manager, Cheryl Miller, any time you have a question about the community.

2. How long is the parking contract for? Is it renewed annually? Can you terminate the contract at any time? If the parking company makes money off the fees where will these fees be reallocated to? Will they go back into the CCMC fund?

The contract is month to month and we can terminate it anytime. The parking company does not make money off the fees. Monetary penalties imposed by the Association are paid to the Association and deposited into the operating account. CCMC, who is the management company for the Association, does not make money off of these fines.

3. Can residents have the Board Meeting minutes when they meet?

Yes, these are records of the Association that are viewable by all homeowners. They are posted on the website after they are approved by the Board at the next meeting. You are also welcome to stop by the Association office anytime to review these records if you would like.

4. Can residents get a detailed copy of the General Ledger to see all transactions recorded in 2018, 2019 and going forward?

Yes, these are records of the Association that are viewable by all homeowners. These are not posted on the website, but you can come by the Association office to review these records anytime. We do ask that you make an appointment first so we can have them ready for you to review.

5. What is the maximum allowed to be held as "reserves" before it must be used or returned to the homeowners? Why an increase with already high reserves?

There is no state statute that limits the amount of money the Association can hold in reserves. The Association is set up as a non-profit corporation and The Arizona Non-Profit Corporation Act specifically prohibits the Association from distributing excess money back to its members.

We have a reserve study done by a third party every three years, and use this as a guide to determine how much we should put into reserves on an annual basis. Reserve studies look at expense projections over a 30 year period. With major expenses occurring at different times, in some years the Association will spend more than it contributes to the reserves and vice versa in others. The idea is to keep a “healthy” funding level so that all reserve expenses can be covered as they occur without requiring a special assessment. We follow the recommendations of the third party company and this makes a special assessment highly unlikely. So while it may seem like there is a large amount of money in reserves at the moment, these funds have already been allocated for major projects that will occur years from now.

6. Can the residents please see an itemized report for any expense over \$1000? What is the process for contract negotiations? Are we bidding out to multiple vendors and what does that approval process look like? Can we get line item expenses on the master budget?

The monthly financial reports are posted on the Association’s website and available for homeowners to review. Historically, we have just put a consolidated overview of the budget on the website for review. Moving forward, we will put the line item budget that is prepared on the website after it is approved. We do not typically bid the smaller maintenance projects, however, the larger contracts such as the wall painting is bid every few years. It has been several years since the landscape contract was bid, however it will be bid this year. The RFP will be prepared this fall so bids can be reviewed prior to approving the budget for 2021-2022.

7. What costs have significantly increased to justify the recent hikes? They should be able to provide proof of payments & expenditures, and not just a budget.

The Morrison Ranch budget consistently changed in major ways because the size of Morrison Ranch has been changing every few years. This is reflected in a big increase in the landscape maintenance budget because LTSW is now the responsibility of the Council where through most of 2019-2010 it has been the responsibility of the contractors doing the installation. These increases in expenses come with increased income and they do not raise assessment rates.

Morrison Ranch is also maturing. One of the ways this is true is that the trees are getting bigger. Also, the percentage of trees that are older and larger are going up. It does cost more to trim a big tree than to trim a small tree, and this does contribute to an increase in assessments. If anything, the new neighborhoods subsidize the older communities, as the new trees need little trimming. But, again, those new communities are a smaller percentage. It is also true that we are fighting a condition referred to by arborists as “Ash Tree Decline”. This is complicated and may not be a disease, but it is a condition that requires extra expense to save as many trees as possible on the north-south streets and the streets with the medians. This extra effort does produce an increase in assessments. Our irrigation system is maturing too, and this means that sprinkler heads, valves and pipes need repair more often than when a community is new.

If you ever have a question about a specific expense, you are welcome to stop by the association office to review the invoice with your management team.

8. Community events are costing us tons of money, even after the sponsorship funds, yet these events are overrun by non-residents all too often. What can be done by the HOA team to prevent this going forward? Can the residents have input on what events we continue to offer the residents?

This is a concern that we are addressing. Events such as Heritage Day, Mrs. Claus, and Arbor Day where food is provided require residents to register and they need a ticket or wristband to get food. We are looking at additional ways to limit non-residents by limiting the number of guests a resident can bring. The net cost of events contributes about \$1 to the assessments. Many residents value these events. We are always open to ideas and suggestions from residents and this includes both new events and any you believe should be discontinued. Those ideas should be sent to our Lifestyle Director, Tasha Fink at [tfink@ccmcnet.com](mailto:tfink@ccmcnet.com).

9. What dollar amount did the builders of LVT South contribute? What is that money used for? How much land is left to be sold to builders before MR HOA gets turned over to residents?

Builders pay half assessments for each lot purchased for the first year of owning the land. In LVT Southwest there are 360 lots, so the builders would have paid approximately \$200,000, all of which went into the Enhancement Fund the first year. The second year, 17% of the assessments collected for LVTSW was transferred to the Enhancement Fund, or approximately \$73,000. The remainder was used to offset operating expenses. For the current budget year (2019-2020), 100% of the assessments paid for lots in LVTSW is being used to offset operating expenses. This includes assessments paid by owners and builders. Money in the Enhancement Fund is to be used for unanticipated expenses or items not included in either the operating or reserve budget. The balance in this account as of 5/31/20 is \$708,979. We have made it a habit of describing how those Assessment funds have been used for the benefit of the community in our newsletter and magazine, as well as at the annual meeting.

10. How much money was in the Enhancement fund from all the building that went on for the last 2 years? Was this amount transferred to the General Operating Budget?

The Enhancement Fund was established in 2016. The builders in LVTSW contributed a total of \$274,880 from July 2017 through June 2019. The intent of the Enhancement Fund is for projects that were not included on either the operating or reserve budgets. Examples are the addition of the ring lights on the palm tree corners and water sealant on additional drywell in LVTN where there was significant drainage issues. The past two budgets have included \$60,000 from the Enhancement Fund to offset operating expenses.

11. Why are dues continuing to increase over time, when more homes are now contributing to the overall capital, and at what point will we see a decrease in dues, like in most other communities, communities that have significant amount of amenities that we currently don't?

As the community ages, the time and resources to maintain the common areas becomes greater. This in addition to the gradual increase in contract prices over the years has contributed to the increase in assessments.

12. Current operating budget for Admin staff is \$245,000 for salary and benefit. How many employees does this cover and what are their roles?

Your management team includes a Community Manager, Operations Manager, Lifestyle Director, Compliance Coordinator (Part Time) to service over 2600 households.

### **Maintenance**

13. Can we modify the CC&Rs for tree and plant allowances? As the trees have matured, we have had to eliminate trees to create more space. The lots are too small to require such excessive vegetation.

The tree requirement provision is found in the architectural and design guidelines. As a policy of the Association, these can be amended any time by the Board of Directors. We reduced the minimum number of required trees several years ago for certain lot sizes. Last fall, we again reviewed the guidelines/requirements and granted some variances for the smallest lots.

14. Tree and Landscape separate line items at over \$1.3 mil per year. I thought we hired a third party, tree doctors, to manage the trees and to my surprise on several occasions have seen the MMM owners teenager trimming the trees. I was confused why we are paying a good amount of the budget for a company (Tree Doctors) to supposedly maintain the trees. I am sure that line item is for replacing trees as well, but, still a hefty amount. At \$1.3, why wouldn't we have a dedicated lawn service, employed by Morrison Ranch, similar to what Val Vista Lakes has? Or at least let residents vote on the landscaping and tree maintenance company we use! It would be great if some of the MR residents who own landscaping companies could throw their hat in the ring and could pick up that business/contract. Was the contract for this service been put out to bid this year? Last year? If not why not?

Lifting of canopies from streets and sidewalks to a height of 10' is included in the landscape maintenance contract with MMM Landscape. The contract does not include complete tree trimming. This is very common of landscape maintenance contracts in Phoenix. Full tree trimming requires a different type of insurance and expertise. The Association contracts with Tree Doctors to do the tree trimming for the community.

15. What is the potential cost savings to maintain/cut the grass every other week, not twice a week? Especially in the summer months and seasons where growth is slower.

We will talk to the landscape contractor about this, since they have full time crews and adjusting hours or reducing employees is not something we can do from our office. We are not sure the idea would have broad support in the community, even if it saved money.

16. Is there a plan/timeline for new community amenities? I've seen some people post photos of master plans that show splash pads, school, tennis courts, etc.?

The community has been developed as it was originally planned and approved by the Town of Gilbert. Tennis and pickle ball courts are being built in the newest neighborhood, Lakeview Trails Southeast. However, there are no plans for a swimming pool or splash pad. There is a section of land in Lakeview

Trials North that was deeded to Gilbert Public Schools when that neighborhood was built. We are not aware of any current plans to build a school on this land, but the school district would be able to provide current information regarding this parcel of land.

17. MR residents are fined if they have weeds or if the grass isn't mowed regularly. This winter, the park at Sierra Madre/Marlene looked absolutely terrible. This area wasn't seeded for winter grass this year, but boy did it get seeded with weeds! What does the HOA do to MMM to enforce the same rules it applies towards its residents? We own property here. We raise our families here. And we have fines for these violations!

The staff and MMM Landscape have a detailed weed control plan which is reviewed regularly. Since this was the first year the Association did not oversee all common areas, we did not include a pre-emergent in the fall for winter weeds. The exceptionally wet winter certainly added to the weed problems in the non overseeded areas. If you wish to review the weed control schedule, please contact the Association office to schedule an appointment.

### **Parking**

18. If it's not Gilbert PD handing out tickets for parked cars, how can this actually be enforced? What is the legal responsibility to pay these fines? And where does the fine money go?

As members of the Association, residents are bound contractually to the CC&Rs. It is the CC&Rs that allow the Association to enforce parking on the streets and impose fines. The money from fines goes into the Association's operating account. Fines will be the only enforcement, the association will not have any vehicle towed.

19. Why was the fee increase and parking enforcement company's hiring not on the agenda for discussion and action on the May board meeting? Is it not a requirement by law?

The meeting in May was an Annual Meeting. Board business is not conducted at an Annual Meeting, but instead at regularly scheduled Board Meetings. The decision to hire a parking enforcement company was done at a Board Meeting. However, the change in parking enforcement was discussed at the May Annual Meeting.

20. HOA questions. Legality of issuing citations on public streets. Will they be issuing tickets to the Apartment complex? Do we, the home owners have a right to dispute HOA regulations? Do we the homeowners have a right to disband the HOA?

The CC&R's give the Board of Directors the right to enforce the Association restrictions. However, the restrictions for no parking on one side of the street is a Town of Gilbert rule and only enforceable by the Town of Gilbert. The Association will NOT be issuing citations. The requirement for residents to park in the garage and driveway is part of the CC&R's and enforceable by the Association. You have the right to express your feelings about any of the Association regulations, however you are contractually obligated to abide by them. The Morrison Ranch CC&R's Article 10.6 outlines the steps needed to terminate the Association.

21. Is it true if your vehicle is wrapped or have logos you will get ticketed for parking in your own drive?  
A majority of residents have small business to run and do we really want to penalize small business owners for having our logo on our vehicle?!?! It's never parked on the street, I never park it away from my house and it's always kept clean! To clarify it's a diesel that is too long to fit inside my garage. So it's not an option!

The parking regulations do not refer to a logo or business name. However, it restricts the amount of signage to a total of 12 sq. ft. if parked outside. There is no restriction for larger signage that is parked inside your garage. No ticketing will occur, but violation notices with fines may occur." The policy is on the website for your review.

### **Misc.**

22. Why are some sections of MR part of Different HOA's? How this did happen and why are we not all on one HOA with equal standards, rules, events, fee's etc.

When we started developing, we did not have a master plan completed for all our property. Higley Groves was our first neighborhood and was in fact initially approved within the County rather than the Town. It was set up with its own HOA. Higley Groves West was our second neighborhood and it has its own HOA. We received approvals for our master plan in November of 1998. Subsequently we formed the Community Council, with Higley Estates being the first neighborhood to be included. All subsequent development has been with the master plan.

There are provisions within the HOAs previously mentioned that would allow them to combine with another HOA, but it practically impossible for this to happen. A supermajority of HOA homeowners as well as the Community Council homeowners must approve it. Neither HOA has initiated discussions with us to consider such an idea.

23. How much MR land is left to be sold before board is turned over to the residents?

The CC&R's define the Declarant Control Period ending either (a) when none of the Declarants own any Lot or Parcel or any part of the Additional Property, or (b) when the Declarant gives written notice to the Council consenting to the termination of the Declarant Control Period. This includes the commercial property along Higley. There is a little over 100 acres yet to be developed within the Master Plan.

24. Is the land on NE corner of Higley/Warner marked for apartments? Is it already sold and project planned out? If so, what are the project details?

The NE corner of Higley/Warner which is currently being farmed totals about 30 acres. The western half right along Higley is zoned Neighborhood Commercial. The eastern half, next a park before you come to Fulton Homes, is zoned multifamily. It is not sold. It is not planned at this point.

25. Which community projects/services hired out go through a bidding process? Do we get bids on every service we hire out?

We do not bid the smaller maintenance jobs, however do bid larger projects such as wall painting. The landscape contract is scheduled to be bid this year with RFP's going out in the fall. The tree maintenance contract was not bid this year as scheduled, because we are looking for companies that can demonstrate the same quality of work.