

IMPLEMENTATION TABLES

ELEMENT 2: BUDGET & FINANCE

Element 2. Budget and Finance				
Item	Observation Group	Recommendation	Responsibility	Timeline
2.1.1	O&M Cost Inflation Versus Assessment Fees	Integrate the occasional and sparing use of Special Assessments and Surcharges to fund certain types of capital maintenance and improvement projects	POA Board	Ongoing
2.1.2	O&M Cost Inflation Versus Assessment Fees	Moving forward, utility rate structures should include CIP budgeting to ensure that all future maintenance and scheduled replacement costs are planned and covered as part of the utility rate.	POA Board	2019
2.1.3	O&M Cost Inflation Versus Assessment Fees	Establish a communication strategy for Special Assessments, utility rates, and issues related to deferred maintenance.	POA Board	2018
2.1.4	O&M Cost Inflation Versus Assessment Fees	Consider a long-term approach for increasing the annual scheduled inflation-based increase in assessments to better reflect the annual increase in O&M costs.	POA Board	2018
2.1.5	O&M Cost Inflation Versus Assessment Fees	Continue to examine approaches for reducing O&M costs where possible and acceptable to residents.	POA Board	Ongoing
2.1.6	O&M Cost Inflation Versus Assessment Fees	Consider opportunities explored elsewhere in this section on diversifying the community's revenue mix and increasing the housing base so that the budget is less dependent on assessments on current residents.	POA Board	Ongoing
2.2.1	Refinements to the Assessment Structure	Consider a legal change that allows for the differentiation of commercial uses and assessment rates from residential ones.	POA CEO	2018
2.2.2	Refinements to the Assessment Structure	A communication strategy would be required in this case to avoid the issues that spurred a previous lawsuit.	POA Board	2018
2.2.3	Refinements to the Assessment Structure	Consider assessment fee-based and other incentives to encourage lot development and build-out.	POA Board	Ongoing
2.2.4	Refinements to the Assessment Structure	Explore opportunities for differentiated fees under current or potentially amended association bylaws.	POA CEO	2018-2019
2.3.1	Diversifying Revenue Sources	The POA should consider use of ground lease agreements and concessions for development of mixed-use projects, resort hotels and meeting venues.	POA Board	Ongoing

IMPLEMENTATION TABLES

ELEMENT 2: BUDGET & FINANCE

Element 2. Budget and Finance				
Item	Observation Group	Recommendation	Responsibility	Timeline
2.3.2	Diversifying Revenue Sources	An alternative approach would be for the POA to utilize its land as collateral in joint venture partnerships with master developers.	POA CEO	Ongoing
2.3.3	Diversifying Revenue Sources	Encourage development of a golf resort and conferencing venue. As noted above, the facility can help diversify the revenue stream for the Hot Springs Village community through land leases and contracts or concessions for the private operators of lodging and event venues.	POA CEO	2020
2.3.4	Diversifying Revenue Sources	The POA might consider use of Village-owned land to help leverage and retain equity ownership of parking facilities that can generate long-term revenue to the association.	POA CEO	2020-2025
2.3.5	Diversifying Revenue Sources	Explore the use of developer impact fees for new development to help pay for infrastructure and as a new source of revenue.	POA Board	2019
2.3.6	Diversifying Revenue Sources	The use of Special Assessments is also recommended.	POA Board	Ongoing
2.3.7	Diversifying Revenue Sources	Consider operating a maintenance division with the ability to charge homeowners for small jobs and maintenance services associated with their own property.	POA CEO	Ongoing
2.4.1	Growing Revenue Encouraging New Housing Development & Attracting Residents	Enable and encourage development of a town center as proposed in this plan (as a mixed-use, walkable environment with a variety of housing, commercial, recreational, and community uses).	POA Board	2018-2025
2.4.2	Growing Revenue Encouraging New Housing Development & Attracting Residents	Measure the returns and outcomes of various town center options as discussed above, through the use of cost-benefit analysis (described later in this element).	POA Controller	2019
2.4.3	Growing Revenue Encouraging New Housing Development & Attracting Residents	Marketing strategies should be targeted in part to attracting those prospective buyers who already use Village amenities, those who participate in golf tournaments, or those who visit Hot Springs Village for meetings and conferences.	POA Director of Tourism & Community Affairs	Ongoing

IMPLEMENTATION TABLES

ELEMENT 2: BUDGET & FINANCE

Element 2. Budget and Finance				
Item	Observation Group	Recommendation	Responsibility	Timeline
2.4.4	Growing Revenue Encouraging New Housing Development & Attracting Residents	Encourage development of new or more diverse housing products that enhance the marketability of the community can help sell lots and increase the resident base, which would translate into a broader resident and recreation assessment base to support Hot Springs Village operations.	POA Director of Placemaking & Development	Ongoing
2.4.5	Growing Revenue Encouraging New Housing Development & Attracting Residents	Encourage higher density housing development, such as within the town center.	POA Director of Placemaking & Development	Ongoing
2.4.6	Growing Revenue Encouraging New Housing Development & Attracting Residents	Work closely with the school district to educate senior residents of the importance of investing in schools, the quality of which helps to attract a broader mix of home buyers.	POA HR Director & Governmental Affairs Committee	Ongoing
2.4.7	Growing Revenue Encouraging New Housing Development & Attracting Residents	Examine opportunities to partner with health care providers in order to enhance health care delivery within the Village and nearby.	Governmental Affairs Committee	2018
2.5.1	Enhancing the Budgetary Process and Reducing Operating Costs	Reduce the growth in “marginal” operations and maintenance costs through clustering of new activity, like in a mixed-use Town Center.	POA Chief Operating Officer	2019
2.5.2	Enhancing the Budgetary Process and Reducing Operating Costs	Reduce overall existing maintenance costs by suspending development in some natural areas, thereby reducing the need and cost for maintenance of trunk infrastructure in those undeveloped areas.	POA Board	2019
2.5.3	Enhancing the Budgetary Process and Reducing Operating Costs	Engage more proactively and directly with the 15,000 non-resident owners to facilitate assistance or engage them in partnerships with existing residents, investors or developers.	POA CEO & POA Director of Tourism and Community Affairs	Ongoing
2.5.4	Enhancing the Budgetary Process and Reducing Operating Costs	Encourage property owners to partner for the consolidation of unbuildable lots with those adjoining built lots (or those that may have buildable potential), as a way to reduce the number of lots sitting idle and enhance amenity value by increasing the size of lake-front properties.	POA Director of Real Estate Acquisitions & Member Services	2019

IMPLEMENTATION TABLES

ELEMENT 2: BUDGET & FINANCE

Element 2. Budget and Finance				
Item	Observation Group	Recommendation	Responsibility	Timeline
2.5.5	Enhancing the Budgetary Process and Reducing Operating Costs	Strengthen delinquency policies (“sticks”) to reduce future delinquency rates, and concurrently, provide positive incentives (“carrots”) for payment	POA CEO	2019
2.5.6	Enhancing the Budgetary Process and Reducing Operating Costs	Communicate to property owners the community’s borrowing status and secondary sources of payment, terms of loan repayment, repayment policies, and the role of collections and importance of ensuring stability in the assessment base.	POA Controller	Ongoing
2.5.7	Enhancing the Budgetary Process and Reducing Operating Costs	Develop a Capital Improvements Budget (CIP) as the basis for capital budget planning.	POA Controller	2018
2.5.8	Enhancing the Budgetary Process and Reducing Operating Costs	Consider as part of the budgeting process targeted use of special assessments and surcharges to help fund major capital improvements.	POA Controller	Ongoing
2.5.9	Enhancing the Budgetary Process and Reducing Operating Costs	Ensure that a strong Reserves Policy is established if one does not already exist, to dedicate funding of reserves to cover the cost of certain exceptional expenses, especially during periods of economic or real estate retrenchment.	POA Controller	Ongoing
2.5.10	Enhancing the Budgetary Process and Reducing Operating Costs	Conduct market analysis and feasibility assessment for key association-owned facilities that are no longer marketable or operating efficiently due to changes in program or capital requirements.	POA CEO	2019 & Ongoing
2.6.1	Communication About Village Finances	Consider ways to enhance feedback loops on the Hot Springs Village website, such as through topical discussion groups, some of which would be oriented to financial planning, budgeting, and capital improvements.	POA Communications Manager	Ongoing
2.6.2	Communication About Village Finances	Consider sponsoring regular or occasional focus group discussions that are oriented to specific financial topics and/or geographic areas within the community.	POA Controller or POA CEO	Ongoing
2.6.3	Communication About Village Finances	Consider development of a glossy monthly or quarterly magazine for distribution to residents and to be made available to prospective residents for marketing purposes.	POA Communications Manager	Ongoing

IMPLEMENTATION TABLES

ELEMENT 2: BUDGET & FINANCE

Element 2. Budget and Finance				
Item	Observation Group	Recommendation	Responsibility	Timeline
2.6.4	Communication About Village Finances	Use operating metrics and benchmarks to help measure progress on financial questions and also to communicate that progress in simple terms to residents and property owners.	POA Controller / POA Communications Manager	Ongoing
2.6.5	Communication About Village Finances	Create a simple but effective graphic comparing the operation of an association versus incorporation as a municipality to help communicate the costs and benefits of those alternatives.	POA Communications Manager	2019
2.7.1	Cost-Benefit Models and Metrics to Inform Financing	The POA should develop a “cost-benefit model” that incorporates inputs	POA Controller	2018
2.7.2	Cost-Benefit Models and Metrics to Inform Financing	Communicate to property owners the results of cost-benefits of any large-scale infrastructure or development project outside the parameters of normal operations and maintenance.	POA Communications Manager	Ongoing