

**SUN VALLEY ELKHORN ASSOCIATION
RENTAL AMENITY FEE MEETING NOTES
Tuesday, July 23, 2024
Minutes**

IN ATTENDANCE

Board Members	Staff, Counsel & Others
Clark Furlow, President	Chuck Williamson, Staff
Jeff Mihalic– Vice President	Linda Horensavitz, Staff
Marlene Fletcher - Director	Sue Ahern – Staff (Zoom)
	Sue Kwapich - Staff
	Owners and Others:
	Attending by Zoom – See Attached List – 12 Online
	See Sign-in Sheet – 8 Owners in Attendance
RAF Committee - Not Present – Tom Kling	

Call to Order

President Jeff Mihalic called the meeting to order at 11:01 a.m.

Mr. Mihalic welcomed the community to the meeting and introduced the board members and staff in attendance. Then he explained that the purpose of the meeting is to obtain information from the community members on the proposed rental amenities fee and provide a detailed review of the proposed rental amenities policy. The proposal will be finalized for the September board meeting. This will allow the updated information to be incorporated into the 2025 budget. The 2024 amenity usage numbers will be used to configure the final proposal, and as a result, some of the numbers presented at the meeting could change. The association is researching IRS requirements for taxable income and will make any needed adjustments to avoid adding any additional taxable income to the association that would result in lower net revenues.

The proposed policy was made available on the Elkhorn HOA website; a link was emailed to the owners, and copies were provided at the meeting. Mr. Mihalic reviewed the proposal page by page at the meeting and took questions from the owners in attendance. A copy of the proposed plan is also attached to the minutes. Below is a list of the questions and answers from the meeting.

OWNERS QUESTIONS AND ANSWERS

Question: Did you look at long-term rental usage versus homeowner usage?

Answer: Yes, we did. The long-term rental usage is very similar to the homeowner usage.

Owner comment: I am an owner who doesn't rent; I live next to someone who rents a lot. I believe that a lot of owners will not opt in for amenity access. This will create an overuse issue for amenities at the sub-associations, resulting in a burden for them.

Answer: Thank you; others have made that comment since the July meeting. Homeowner landlords have asked for the option to opt out of the amenity fees, so we are addressing that request with the proposed structure. We

really don't know how many homeowner landlords may choose not to opt in for SVEA amenity access. SVEA amenities are much more extensive than the sub-association amenities and are a big draw for many short term renters.

Question or Comment: I am concerned about the board creating a fee the owners can't afford to pay. Can we see the difference between the long-term rentals and the owners who live on site full-time and part-time?

Answer: We appreciate the input; please see the information that was reviewed on page 7 that addresses your question. There is almost no difference between the annual long-term rental use of the facilities at 11 and the homeowner's annual use of 10.4. The board doesn't believe it is appropriate to divide homeownership by part-time and full-time ownership for those homeowners who do not rent their units.

User Type	Unit Category >>>	Total	Not Rented	Total Rentals	Standard Rental	L/T Rental	Public(RS)
Homeowner Units		1,642	1,304	338	218	120	
Percentage of total units		100%	79%	21%	13%	7%	
Homeowner actual usage		10,114	8,636	1,478	1,175	303	
Homeowner guest usage		5,050	4,927	123	79	44	
Renter usage (Renter + Renter's guest)		8,202	-	8,202	7,230	972	
Public usage - Racquet Sports Pgm (pays fee)		-					936*
Total Annual Usage		23,366	13,563	9,803	8,484	1,319	936*
% of Total Usage		100%	58%	42%	36%	6%	na*
Annual Usage per Unit		14.2	10.4	29.0	38.9	11.0	

It was noted that there is a possible IRS tax complication with the data. It took many hours to put this information together. The opt-in option could have tax complications, so we are seeking input from a tax professional. The board will do what must be done to avoid a 30% tax liability to the association. The opt-in option may not be possible without tax consequences. The board is waiting for the tax opinion on the issue to decide. To be clear, there is a possibility that we will have to go back to a flat fee.

Question: Thank you for the report; it addressed everyone involved. With the potential for rooms to be rented, is there going to be a fee for each tenant? How are you going to control the multiple unrelated tenants being rented in one unit?

Answer: There is a limit to the number of unrelated family members that can be in a rental unit; there is one fee per unit.

Question: Is there a breakdown of the facility (amenity) cost to SVEA?

Answer: Yes, please see the chart on the next page (8-9).

Operating Expenses tied to amenities (Operations Budget plus depreciation)	2023/24 Budget w/ depreciation	Amenity Allocation	Amenity Related Costs
1- Mgmt (split general admin vs amenities)	\$ 699,761	51%	\$ 357,459
2-Common Area maintenance	\$ 88,610	0%	\$ -
3-Village Pool	\$ 127,480	100%	\$ 127,480
4-Harker Pool (est. for full year ops)	\$ 127,480	100%	\$ 127,480
5-Harker Center (Structure)	\$ 17,705	0%	\$ -
6-Racquet Sports (Offset by RS revenues)	\$ 170,960	18%	\$ 31,210
7-Other Expense	\$ 53,555	58%	\$ 31,300
8-Depreciation (non cash item)	\$ 242,330	100%	\$ 242,330
Total Costs plus depreciation	\$ 1,527,881	60%	\$ 917,259

Question and answer: A question was submitted separately regarding what is being counted as usage. We wanted to explain that in the table on page 7 (please see the left side of the table) we are including homeowner actual usage, homeowner guest usage, and rental usage (renters and guest usage). This allows us to capture all usage for each category and confirms that homeowner and guest usage for units that are rented is lower versus homeowner and guest usage for those units not rented. This was a point previously made by homeowner-landlords, so we wanted to be sure to capture that in our analysis.

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Comment: At the first meeting, the fee increase was a concern, and now the cost is going up.

Answer: The Board understands the concern for the cost increase; however, with the data that has been presented showing the significant amenities usage by renters, it is important that the owners of rental properties share the total cost related to amenities, especially when the rental units make up 42% of the total usage.

Question: Can you please clarify how you define renters in terms of usage? Is the number of renters just renters, or have you included guests of the owners?

Answer: Please see the usage data on page 7. We have broken out homeowners' actual usage, homeowners' guest usage, and renters (renters + renters' guests). So, renter's usage numbers only include the renters plus the renter's guests. Keep in mind that when determining the rental amenity fee, we subtract the amenity portion of homeowner dues because homeowner and homeowner guest usage is already paid for via the homeowner's dues payment.

NOTE: delete the table above, which is just a repeat.

Question: As an owner who rents long-term rentals, I appreciate what you all have done on this project. The HOA needs owners to pay the rental amenity fee to pay the HOA facility expenses. What happens if the HOA suffers a lack of income from the change? I would be willing to pay the fee.

Answer: The committee realizes the proposed fees for standard rentals are a significant increase from the current fee. That's why we compared the proposed fees to those of other facilities in the area to determine if they were appropriate. That said, we will take your comments into consideration as we finalize the proposal.

Question: How do I pay the fee? Do I have the renters pay the weekly fee? Why would the association not spread the cost across all the owners?

Answer: The fee increase is due to the increased usage from the rental activity, so it would not be appropriate to spread the fee. We have a large portion of the community that would not agree with spreading the cost across all homeowners, including those who do not rent their units.

Question: The short-term or occasional rental term is more than seven days; it is typically between 7 and 14 days. How many weeks will I need to purchase the weekly rental option? Can you consider a punch card option for the days needed that can be used for seven different days?

Question: If I have a rental for ten days, do they have to buy two weeks' worth of amenity passes? I would ask you to reconsider that requirement, as it could be prohibitive. I would suggest that you allow a seven-day punch card for a family.

Answer: You, the owner, will provide SVEA with the dates of your rental and we will issue the amenity cards. We will continue to use amenity cards for access to the facilities; that is our tool for access and it is how we track usage. The setting of the weekly rates was given a great deal of thought, considering the busy seasons, and that's how we determined that a four week break-even versus the seasonal rates was appropriate.

Question: Why not transfer the cost of the annual fees to all the owners? Over the past years, the increase has been 9%. Have you placed all the burden of this on us who rent? Rather than increase the annual fees to balance it out?

Answer: The SVEA staff have worked hard to keep the dues as low as possible; the result has been one increase in the past five years. That is remarkable, considering inflation. But the board needed to take out a loan to rebuild the Village Pool. Then we had a special assessment to fund rebuilding the Harker Pool. The proposed changes are not creating an unfair burden for homeowner-landlords. In fact, the Committee expects the rental amenity fee income to go down because of the proposed changes. As SVEA staff puts the 2025 budget together, they have been advised to use the budget number of \$150,000.00 for rental amenity fee income, which is a reduction of 25% from current levels.

Question: How do owners pay for this fee? How do we avoid paying taxes on this?

Answer: Owners are always the ones who pay SVEA directly. We expect to bill homeowner-landlords in April and those who rent their units can choose which renter access option they want and pay accordingly.

Questions: No one wants to pay more money, but I have no problem paying more money for the facilities we have. We have great facilities; we should be paying more money. Don't be afraid to raise the assessments.

Answer: Thank you; we do not have to do another special assessment.

Owner: Many of the condo complexes are facing large increases due to the age of the buildings. These fees, once they go up, will never go down. At the last board meeting, it was mentioned that raising the annual fee to \$200.00 would address the Jericho project. All the increased costs add up for many owners; please be mindful of that.

Answer: Thank you for that comment. We are sensitive to the financial demands being placed on our homeowners and it is always part of our evaluation of alternatives.

Question: I would like to compliment the committee on the completeness of the presentation. Is this presentation available online?

Answer: Yes, they are available online at <https://elkhorninsunvalley.com/rental-amenity-access-fee-committee-update/>. We will also post the recording of this meeting at the same location.

Question: I want to add my appreciation to the board, committee, and homeowners. This new method for fee development is dynamic. It will ensure that the cost is appropriately allocated to those that have the usage. I believe that this is extremely fair, maybe even low. All my questions were answered.

Answer: Thank you,

Question: I want to express my gratitude to all those involved. My goal is to have a long-term local in my unit and to help the local economy. I had to pass on the fee to my renter. I also recently found out that SunValley is now eligible for the “lease to locals” program. This might help to move a short-term rental unit to a long-term rental.

Answer: One of the goals with the long-term rental rate was to help those in your position.

Question: I would like to suggest that the Board form an ad hoc committee of renters, non-renters, rental agents, and landlords. They would address issues with the rentals.

Answer: Thank you. We have no plans at this time to form another committee.

ADJOURNMENT

Jeff Mihalic adjourned the meeting at 12:35 p.m.

Respectfully Submitted,

Linda Horensavitz,
General Manager

Zoom – Online Attendance Report

Attendee Report

Report Generated: 7/24/2024 10:16

Topic	Webinar ID	Actual Start Time	Actual Duration	# of Attendees	Enable Registration
Rental Amen	820 2357 7892	7/23/2024 8:37	231	1	Yes

Host Details

Attended	User Name (Original Email)	Join Time	Title	Country/Region Name
Yes	Chuck Williamson chuckw@elkhorninsu	7/23/2024 8:37	#	United States

Panelist Details

Attended	User Name (Original Email)	Join Time	Title	Country/Region Name
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Attendee Details

Attended	User Name (Original First Name)	Last Name	Registration ID	Is Guest
Yes	Rob Champion	Rob Champion	#	Yes
Yes	Sharon Knight	Sharon Knight	#	Yes
Yes	Bill Kyle	Bill Kyle	#	Yes
Yes	Steve Twining	Steve Twining	#	Yes
Yes	Lisa Eckley	Lisa Eckley	#	Yes
Yes	Naya Antink	Naya Antink	#	Yes
Yes	Holly Kimbrell	Holly Kimbrell	#	Yes
Yes	Elizabeth Ormiston	Elizabeth Ormiston	#	Yes
Yes	Mike Doherty	Mike Doherty	#	Yes
Yes	Barbara Baer	Barbara Baer	#	Yes
Yes	Pamela Larsen	Pamela Larsen	#	Yes
Yes	Zach Boswell	Zach Boswell	#	Yes
Yes	Sue Ahern	Sue Ahern	#	Yes
No	Stephen	Stephen Smith	#	----
No	Kirk	Kirk Smirh	#	----
No	Oleg	Oleg Elkhunovich	#	----
No	Kelli	Kelli Hillard	#	----
No	Tara	Tara Locknane	#	----
No	Jack	Jack Rubin	#	----
No	Neva	Neva Patty	#	----
No	Lane	Lane Jarvis	#	----
No	Craig	Craig Idol	#	----
No	Bruce	Bruce Lingle	#	----
No	Laura	Laura Fillman	#	----
No	Christina	Christina Vandenboorn	#	----
No	William	William Voorhees	#	----
No	Dale	Dale Smith	#	----
No	Grey	Grey Violet	#	----
No	Bruce	Bruce Ped	#	----
No	Mark	Mark Feuer	#	----
No	Peter	Peter Mikkola	#	----

In Person Sign In Sheet



Sun Valley Elkhorn Association
 July 23, 2024 Rental Amenity Meeting
 Elkhorn Owners & Guests Sign-in Sheet
 (Please Print)

NAME	ELKHORN ADDRESS OR ACCOUNT #	EMAIL ADDRESS	TOPIC OF INTEREST
Linda Southwick	Ranch 3642	lindam.southwick@att.net	
KIWEEN EUSTROM	4038 BLUFF	HARTSTROM@AOL.COM	
Ed HART	Bluff #4038	eddkenhart@gmail.com	
Terry Stoltz	115 Sunrise	terry.stoltz@gmail.com	
Pat Garrett	74 Ridge 64 Village	p.m.garretto@verizon.net	
Larry Cohen	109 Villageway #2014	m26612@outlook.com	
Mary DeLand	109 Aryan #9		
Nancy Mahan	97 Elkhorn		