



November 9, 2020

Dear Siena Homeowner(s):

Siena's Parcel Maintenance Assessment (i.e. "Pass-Through Costs") will increase \$12/month effective January 1, 2021, from \$144/quarter to \$180/quarter.

The information outlined below is designed to help you understand why the Vistoso Community Association (VCA) Board of Directors (BOD) made this decision. It will explain how/why Siena:

1. Pays \$80/quarter VCA Assessments
2. Is different than other gated communities in the VCA
3. Is a benefitted parcel
4. Must increase Maintenance Assessments to \$180/quarter
5. Residents can have a voice

In addition, the VCA will be holding a Siena Town Hall Zoom meeting on Monday, November 16, 2020 at 5:00PM to further explain the details of this decision and seek your feedback. Join Zoom Meeting at <https://us02web.zoom.us/j/8445866556?pwd=ZlZaUWltbHk5Si9SZ083UFo4Q1NVQT09>
Meeting ID: **844 586 6556**, Passcode: **vca**

We understand that no one likes increased assessments; however, we hope after this meeting you will understand why the increase is necessary.

VCA Quarterly Assessments

As background, Rancho Vistoso is a master-planned development encompassing approximately 7,600 acres. Within Rancho Vistoso, the VCA currently has approximately 5800 homes in nearly 50 neighborhoods developed by various builders offering a range from entry homes to multi-million-dollar estates. All homeowners within the VCA, regardless of the size or value of their property, pay \$80/quarter to maintain common areas and amenities. If someone owns 1 home in Siena, they pay \$80, if someone owns 2-1.5 acre lots in Stone Canyon, they pay 2-\$80 assessments, if someone owns 3 Golf Casitas, they pay 3-\$80 assessments. All homeowners are members of the VCA and pay a premium to live in the beautiful and highly desirable Rancho Vistoso Planned Area Development.

What common areas and amenities are maintained by the \$80/quarter assessment? The VCA has a network of trails connecting the community from north to south and [10 neighborhood parks](#) containing a variety of play lots, picnic tables, covered ramadas, BBQ grills, restrooms, water fountains, parking lots, senior exercise equipment, dog parks, horseshoe pit, baseball diamond, basketball, volleyball, and



tennis courts. There are over 6 acres of grass turf and over 100 acres of land containing over 5000 trees, tens of thousands of shrubs, cacti, groundcovers, and native paintings in our parks, along our parkways, roads and other common areas. In addition, the VCA maintains streetlights along Rancho Vistoso Blvd, irrigation systems, drainage areas, and is responsible for mitigating erosion. All require on-going maintenance and care. Landscaping and related expenses alone are well over \$1MM annually and represent nearly 50% of the VCA annual operating budget.

Siena vs. Other Gated Communities

There are 21 gated communities in the VCA. However, Siena is the only gated subdivision that does not have a “sub-association.” As such, Siena common areas are managed and maintained by the VCA per a [Supplemental Maintenance Assessment Declaration](#). This document can be found on the VCA website under Resident Info/Governing Documents. Other gated communities are members of the VCA in addition to belonging to a neighborhood homeowners association (HOA) that manages and maintains the common areas within the gated community. These neighborhood HOAs have their own Board of Directors, are governed by a separate set of CC&Rs, and pay a property management company to manage their HOA. These neighborhood HOAs are typically referred to as sub-HOAs or “sub-associations” as they are subordinate to the VCA. The CC&Rs of sub-HOAs must, at a minimum, meet the requirements set in the VCA’s CC&Rs and can often be more restrictive.

Siena is a Benefitted Parcel

The Siena community is comprised of numerous lots located within a gated subdivision, and owners of those lots are members of the VCA. However, as addressed above, the owners of these lots are not part of a sub-association. Instead, Siena is a type of “benefitted parcel” whereby the lots within the parcel are benefitted by private amenities that are unique to the Siena subdivision. This includes private streets, sidewalks, and other attributes like the gate, walls, and fountain that are located solely within the Siena subdivision. Instead of paying a sub-association for the private/unique amenities mentioned above, the owners within Siena pay the VCA for the expenses associated with maintaining these amenities. In other words, these expenses are “passed through” by VCA to the owners within Siena.

How did Siena become developed as a benefitted partial? The VCA did some research and found that in 2005 an agreement was made between Siena’s developer (Pulte Home Corporation) and Vistoso Partners, LLC to convey the Siena property to the VCA, and established a [Supplemental Maintenance Assessment Declaration](#) to give the VCA the authority to manage and maintain Siena. Why would the developer do this? Most likely to save time and money, but we can only speculate. It is estimated that the developer likely saved tens of thousands of dollars by not recording the necessary tract declarations, CC&Rs, Articles of Incorporation, Bylaws, etc. that would otherwise be required to form a sub-HOA.

Siena’s Current Financial Health

Siena, like the VCA, has an operating budget and a reserve or capital budget. Operating budgets should be maintained at 2-3 times monthly operating expenses to allow for fluctuation in expenses and to cover for unplanned emergencies. Siena’s operating budget is underfunded per this benchmark. The good news is a reserve study for Siena was completed this year and indicates that the reserve fund is 84.6% funded. Above 70% funded indicates that there is a low probability that a special assessment will



be needed to pay for capital improvements. You can view a copy of the [Siena reserve study](#) on the VCA website under Resident Information/Budget and Reserve Studies.

As Siena is a benefitted parcel of the VCA, Siena’s operating budget is a sub-set of the VCA’s. When Siena’s operating budget has a deficit balance or turns to a negative cash balance, the VCA supplements it. When Siena collects the quarterly assessment, it reimburses the VCA, but quickly goes to a negative cash balance in the second and third months of the quarter. This occurs because Siena is not collecting enough in parcel maintenance assessments to cover operating costs.

A benefitted parcel is expected to operate financially independent and not be supported by the assessments of other homeowners in the VCA. It is likely that Siena has not been operating fully funded for several years. The VCA Board of Directors is obligated to rectify this situation. A copy of [the 2021 Siena budget](#) is on the VCA website under Resident Information/ Budget and Reserve Studies.

It was also determined that Siena was not paying for insurance or the water needed to irrigate landscaping and operate the fountain at the gate. All communities need liability insurance to protect against injury lawsuits, etc. Siena did not have such a policy. The cost of water and insurance have been included in the 2021 budget.

With the understanding of Siena expenses, the VCA Board of Directors unanimously voted to increase Siena’s Parcel Maintenance Assessment \$12/month on January 1, 2021 from \$144/quarter to \$180/quarter.

The table below illustrates how the 2021 maintenance assessments were determined.

Item	2020 \$/month	2021 \$/month	Notes
Insurance	0	\$75	\$900/yr
Water	0	\$50	\$50/month
		\$125	
Amount/Lot		\$2	61 Lots
Increase Operating Income		\$10	Per Lot
		\$12	Increase/month
Parcel Maintenance Assessment or Pass-Thru Costs	\$48*	\$60	2021 = \$180/qtr. 2020 = \$144/qtr. +\$36/qtr.
*Includes street maintenance, gate maintenance, fountain maintenance, street sweeping, landscaping, signs, call box, street signs, electrical, telephone line			

Engaging Siena Homeowners

The [Supplemental Maintenance Assessment Declaration](#) gives the VCA Board of Directors “in its sole discretion the level of appropriate maintenance for all items for which the Association is responsible”. The VCA Board of Directors encourages feedback and participation from the Siena homeowners on issues that impact them. We are willing to explore ways to reduce operating expenses. We need to understand what’s important to you. We would like to form a Siena Homeowner Group. This group



would provide suggestions and input to assist the VCA Board of Directors in making decisions for the community. If you are interested in participating in this group, please email Colleen Holland at colleen.holland@fsresidential.com

Conclusion

Through no fault of the Siena homeowners, they have collectively underpaid thousands of dollars over the years by underfunding operating expenses and not paying for essential products and services. The VCA Board of Directors is not attempting to recoup expenses that should have been collected. Our approach will be to rectify the identified shortcomings. As a result, the Siena Parcel Maintenance Assessment (i.e. "Pass-Through Costs"), will increase \$12/month. The Board of Directors has a fiduciary responsibility to all VCA members to take this corrective action. We also hope that members of the Siena community become active in the Siena Homeowner Group to provide input to the VCA Board of Directors on the management of your community.

If you should have any additional questions or comments, please direct them to askvca@RanchoVistosoHOA.com. This will allow us to capture all inquiries in writing so that we can compile and send a complete list of questions and responses to all Siena Homeowners. Thank you for your time.

Sincerely,

Vistoso Community Association Board of Directors