



November 7, 2024

Dear Arroyo Roble Resort Homeowner,

Happy Holidays to all Arroyo Roble Resort Homeowners!

The 41st Annual Arroyo Roble Resort Council of Co-Owners General Membership Meeting was held on November 6, 2024, in the Rojo Roca Room of the Arroyo Roble Resort. The meeting highlighted the successes of the year as well as the challenges for our resort as we welcome 2025's arrival!

Homeowners and the Board of Directors discussed the daily operations of the resort, including the capital expenditures in process for 2024, and the schedule of the upcoming renovations planned for 2025/2026.

The Board of Directors completed the budget process, and you should receive your 2025 Arroyo Roble Resort Maintenance fee invoice over the next week via email and USPS mail. The information is posted on the Arroyo Roble Resort website, in the Owners Information section (www.arroyoroble.com). If you do not receive your billing invoice before the end of November, please contact Ms. Diane Randall (Director of Accounting) at 928-282-7777 ext. 1148, or accounting@arroyoroble.com. Any additional billing inquiries can also be directed to Ms. Randall at the information above.

The Board of Directors have established the maintenance fees for the year 2025, to be **\$1,120.00 per interval**, a \$60.00 per interval increase (5.7%) over 2024. (For reference, the 2024 increase was 9.1%). The change in the maintenance fee will cover the anticipated operating expenses and capital expenditures for 2025.

Also, if you did NOT make your full Special Assessment payment, this year's Maintenance Fee amount should also include your second payment of the **Special Assessment** billed to you in June of 2024. If you are paying the special assessment in 3 payments, you need to include the additional second payment of \$325.00 for a **total Maintenance Fee of \$1445.00**. A special **Thank You** to those Owners that made their full payment, for easing our immediate cashflow issues.

Please note that the 2025 Maintenance Fees are due **in full** prior to **January 1, 2025** and late if received after January 25, 2025. Late payments will incur the required late fees of \$18.75 (1.667%) per month, per the Resort's CC&R's. Also, you will not be able to make reservations until your 2025 maintenance fees are paid in full. If your Maintenance Fees are not paid in full by March 15, 2025, any outstanding reservations will be canceled, and your time may be forfeited.

Per the direction of the Board of Directors, the budget for 2024 reflects changes in individual resort departments and continual capital expenditures.

Here are some of the highlights that the Arroyo Roble Resort has experienced in 2024 and the exciting changes in the upcoming renovations. The Maintenance Fee increase of \$60.00 per interval is required because of the many inflationary pressures that we continue to experience. Many of our suppliers are

increasing their prices and reflecting a 12 – 20% increase for 2025. Since we are a non-profit, be assured that we are looking at any, and all, options to keep pricing in line.

Annual Maintenance Fee Increase factors:

- **Property insurance premiums** are increasing for 2024/2025 by **\$3,000** based on changes to the Northern Arizona insurance market and the Federal Wildfire Risk Score that we had in 2023! This is very good news and the first time in 6 years the increase is below 8%.
- **Inflationary pressures** – costs to the resort for supplies and services increased over 15 - 20% during 2024/2025 due to market costs and inflation. Some villa supplies increased in cost by an additional 50% this past summer and are expected to increase more in 2025.
- **Wage Pressures:** To remain competitive with other area resorts, the Board of Directors has taken great care of our current employees, and we are striving to continually look at the wages and benefits in order to not only compete with other resorts but to maintain our long-term employees.
- **Water Line Repairs:** The Resort has been replacing the main water line shut off valves to limit the possibility of major line breaks in the future. The existing valves are over 30 years old and are starting to fail. This process will continue into 2025.
- **Sewer Line Repairs:** The largest unanticipated cost item for 2023 was the repairs and replacement of the main property Sewer Line Pumping Stations and Equipment. This project has continued into 2024, and we are finalizing the few remaining issues with the pumping stations and now are looking forward to replanting the parking lot island areas to help hide the pumping stations.

Upcoming Villa Renovations:

The Board of Directors has begun the "Villa Modernization/Renovation Project". As you know, our beautiful resort has been showing "her age" these past few years and there is a need to make upgrades and changes to the resort to modernize and keep the property at its best for the upcoming years.

The upgrades were planned in 2024, and we have completed 4 "Test Villas" with the planned upgrades. There will be photographs taken of the renovated villas in December and these will be posted on the website for you to see. The renovations look exceptional and feel free to ask for a quick tour of the changes during your next visit. If one of the villas are available, we will certainly take the opportunity to show them off. Renovations include the complete changeover of the master bathroom, upgrades to the living room, Kitchen, and front door. The renovations of the rest of the villas are scheduled for 2025 and 2026. These renovations are being funded by the new "Public Rental Program" that was started this year (see below) and the Capital Expenditures as part of the Resort's Operations yearly budget.

On-Line Reservation System:

In September 2024, the homeowner Online Reservations System was launched. While there have been some start-up challenges in the system that we have resolved, we feel that this is a wonderful new program for all the homeowners. The system allows you to book your reservations online (based on current availability at that moment) including being able to make your selection from which area you reserve (i.e., specific villa, New Creekside, Old Creekside, single level, etc.). The information on the system is on the property website and includes an instruction manual to give you step by step instructions on the process.

ARR Public Rental Program:

The resort has received less maintenance fee revenues due to the Arroyo Roble Resort owned inventory over the past three years. This inventory of 200+ intervals is now owned by the resort and we have implemented a “Public” rental program to rent out the unsold inventory to visitors to the Sedona area. This program utilizes the company Vacatia, which puts our inventory out on Expedia, Booking.com, etc. The program has been active since late February 2024, and we are forecasting a net profit of \$250,000 in this calendar year. This amount of revenue will cover the lost Maintenance Fee collections from the 200+ resort owned intervals, and any additional revenue will be used for repayment of the lost revenue over the past 3 years.

It is worth noting that our Maintenance Fees are still significantly lower than other Vacation Ownership (Timeshare) properties in Sedona and the 2025 Maintenance Fee of \$1,120.00 per interval breaks down to \$160.00 per night for your 7-day week. Other vacation ownership properties in the Sedona area average over \$2600.00 per interval (week equivalent) for a comparable 2-bedroom villa (this estimate is based upon comparing value of the Arroyo Roble Resort to the points programs at other properties). Also, the nightly average for hotels/motels in the Sedona area is over \$350.00 per night (plus 13.5% tax) for an average of \$397.25 per night. This amounts to \$2,780.75 for seven days compared to \$1,120.00 – a savings of over \$1,330 for a 1300 sq. ft. villa instead of a 450 sq. ft. hotel room.

At the Annual Meeting, suggestions by the attending homeowners present will be looked at and addressed over the next budget cycle year. The suggestions mainly centered on the continuation of the capital improvement plan and interior improvements. Specific requests were discussed and will be taken into consideration as time and money permits. A copy of the 2024 and 2025 Budget is attached for your reference.

The staff look forward to welcoming you for your visit in 2025 and being able to share our lovely home away from home in Sedona. We look forward to your next visit in 2025.

Sincerely

David C. Brown

David C. Brown,
President of the Board of Directors

Ralph Woellmer

Ralph Woellmer, General Manager/Director of Resort Operation

**Arroyo Roble Resort
2024/2025 Budget Comparison**

	2024	2024	2025
	Budget	EoY Estimate	Budget
Ordinary Income/Expense			5.7% inc.
Income			
Maintenance Fee	1,060.00		1,120.00
40-000 · INCOME			
41-400 · MTCE Fees #1	3,693,295.00	3,656,000.00	3,683,000.00
41-410 · Rental Income	191,000.00	260,456.00	375,000.00
41-415 · Daily Fee		94,085.00	125,000.00
41-430 · Special Assessment	0.00		0.00
Total 40-000 · INCOME	3,884,398.00	3,980,795.00	4,183,000.00
Total Income	3,884,398.00	3,980,795.00	4,183,000.00
Gross Profit	3,884,398.00	3,980,795.00	4,183,000.00
Expense			
52-000 · HOUSEKEEPING			
52-001 · Housekeeping Supplies			
52-530 · Housekeeping Villa Supplies	26,400.00	43,715.00	27,000.00
52-532 · Hskping Cleaning Supplies	24,000.00	24,563.00	24,000.00
52-534 · Laundry supplies	4,200.00	4,188.00	4,600.00
Total 52-001 · Housekeeping Supplies	54,600.00	72,466.00	55,600.00
52-002 · Furnishings Replacements			
52-538 · Linen/Towel/Bedding	10,800.00	7,863.00	11,200.00
52-544 · Furn Kitch & Misc Replcmnt	4,800.00	4,662.00	4,800.00
Total 52-002 · Furnishings Replacements	15,600.00	12,525.00	16,000.00
Total 52-000 · HOUSEKEEPING	70,200.00	84,991.00	71,600.00
53-000 · BUILDINGS AND GROUNDS			
Total 53-001 · Building Repair & MAINTENANCE	40,224.00	39,954.00	41,500.00
Total 53-002 · EQUIPMENT Purchase	6,384.00	6,430.00	6,400.00
Total 53-003 · Building SUPPLIES	22,704.00	31,825.00	27,750.00
Total 53-004 · EQUIPMENT Maintenance	39,358.00	39,389.00	42,800.00
Total 54-000 · Grounds SUPPLIES	14,300.00	10,922.00	14,300.00
Total 54-001 · Grounds EQUIPMENT Purchased	7,044.00	4,797.00	8,000.00
Total 54-002 · Grounds MAINTENANCE	11,468.00	5,625.00	5,800.00
Total 53-000 · BUILDINGS AND GROUNDS	141,482.00	138,942.00	146,550.00
61-000 · UTILITIES			
Total 61-001 · Electricity	185,796.00	187,755.00	195,355.00
Total 61-002 · Gas	49,800.00	50,628.00	52,290.00
Total 61-003 · Water	78,000.00	79,500.00	81,900.00
Total 61-004 · Waste	86,280.00	86,600.00	94,000.00
Total 61-005 · Telephone and Cable	72,000.00	72,800.00	79,900.00
Total 61-000 · UTILITIES	471,876.00	477,283.00	503,445.00
70-000 · GENERAL & ADMINISTRATIVE			

70-001 · Insurance			
Total 70-001 · Insurance	319,169.00	303,690.00	311,200.00
Total 70-002 · Property Tax	76,000.00	78,400.00	84,000.00
Total 70-003 · Office Expense & Printing	117,952.00	162,285.00	142,500.00
70-004 · Legal/Accounting/Computer			
71-725 · Merchant discount	1,008.00	1,366.00	1,000.00
71-726 · Bank Charges	12,000.00	6,800.00	12,000.00
71-740 · Legal /Accting/Profess/SpecLega	36,996.00	29,566.00	35,000.00
71-747 · Computer Equipment & Software	15,600.00	14,950.00	16,000.00
71-756 · Professional Services	1,200.00	1,200.00	1,500.00
Total 70-004 · Legal/Accounting/Computer	66,804.00	53,882.00	65,500.00
Total 70-005 · Recreation & Special Functions	800.00	750.00	900.00
70-006 · Health Plan			
72-738 · Health Insurance	156,828.00	165,223.00	165,000.00
72-745 · Health Savings Account Contrib	5,520.00	5,284.00	6,000.00
Total 70-006 · Health Plan	162,348.00	170,507.00	171,000.00
Total 70-000 · GENERAL & ADMINISTRATIVE	743,073.00	769,514.00	775,100.00
73-000 · WAGES			
Total 73-001 · Resort Wages	1,857,267.00	1,869,137.00	1,939,202.00
Total 73-002 · Payroll Taxes	129,822.00	123,466.00	137,663.00
Total 73-003 · Benefits	21,600.00	23,632.00	22,500.00
73-004 · Workers Compensation Insurance	12,000.00	12,655.00	12,000.00
Total 73-000 · WAGES	2,020,689.00	2,028,890.00	2,111,365.00
Total Expense	3,447,320.00	3,499,620.00	3,608,060.00
Net Ordinary Income	437,078.00	481,175.00	469,986.00
Other Income/Expense			
Total 80-000 · OTHER INCOME	33,815.00	20,865.00	32,050.00
Total Other Income	33,815.00	20,865.00	32,050.00
Total 83-000 · OTHER EXPENSE	3,500.00	3,300.00	2,700.00
90-545 · Capital Expenditures	500,000.00	488,500.00	500,000.00
Total Other Expense	503,500.00	491,800.00	502,700.00
Net Other Income	-469,685.00	-470,935.00	-470,650.00
Net Income	-32,607.00	10,240.00	-664.00