

2027 Proposed Budget Executive Summary

Prepared for the Birch Bay Village Community Club Board of Directors

Executive Overview

The proposed 2027 budget totals \$4.706 million, an increase of \$264,781, or 6.0%, over the 2026 budget. Annual dues would increase by \$190 per lot, from \$3,039 to \$3,229 (6.2%), equivalent to approximately \$16 per month. The defining policy change is a 19.9% increase in total reserve contributions - effectively 20% - while total cost-center operating expenses remain nearly flat, rising only \$3,835, or 0.1%.

The reserve increase is a deliberate corrective action. BBVCC's reserve balances have historically been inadequate relative to the age and condition of community assets, and multiple reserve component replacements have been deferred. The higher 2027 contribution begins rebuilding funding capacity for roads, drainage, marina infrastructure, the pool, facilities, and other long-lived assets. It is intended to reduce reliance on special assessments, improve the timing of replacements, and distribute capital costs more predictably across years.

Major Budget Variances

Budget item	2026 budget	2027 proposed	Variance	% change
Total budget	\$4,441,260	\$4,706,041	+\$264,781	+6.0%
Annual dues	\$3,431,066	\$3,645,106	+\$214,040	+6.2%
Cost-center income	\$1,010,194	\$1,060,934	+\$50,740	+5.0%
Operating expenses	\$3,129,577	\$3,133,413	+\$3,835	+0.1%
Reserve contributions	\$1,311,683	\$1,572,628	+\$260,945	+19.9%

Where the reserve increase is concentrated

General reserves: \$388,975, up \$78,562 (25.3%), to strengthen funding for non-road and non-marina components.

Road reserves: \$411,027, up \$53,612 (15.0%), reflecting major paving, culvert, and drainage needs.

Marina reserves: \$772,626, up \$128,771 (20.0%), using marina net revenue plus assessment support to address significant waterfront infrastructure obligations.

Operating Changes and Offsets

- **Maintenance** decreases \$70,128, or 9.1%, to \$701,314, primarily reflecting the landscape manager departure and outsourcing of summer janitorial work.
- **Administration** increases \$45,193, or 4.7%, to \$1,007,765, including staffing allocations and ordinary cost adjustments.
- **Security** increases \$37,496, or 10.6%, to \$392,545, driven largely by Washington's tax treatment of security services.
- **Golf and Pro Shop** combined expenses increase \$26,411. Golf income is budgeted to rise \$33,900, but still is projected at a \$148,274 operating deficit; the Pro Shop deficit is projected at \$157,941.
- **Pool** expenses rise \$6,006, or 13.9%, to \$49,071. Much larger reserve-funded resurfacing expenses were a focus of discussion at the town hall on the 12th.
- **Marina Operations** income is budgeted \$15,745 below the 2026 budget to reflect occupancy trends, while expenses rise \$7,891; the operating net is projected at \$298,455, which all goes to reserve funding.

September budget town hall takeaways

At the September 12 town hall, attended by 16 members (eight in person and eight online), staff described the budget as an expense-driven, break-even plan and emphasized that the dues increase is intended to fund long-term assets rather than expand day-to-day operations. Golf, marina, and other miscellaneous income reduce general assessment requirements dollar-for-dollar, but those revenues are not sufficient to overcome the accumulated capital backlog.

Members were advised that aging assets are producing a near-term 'bulge' of replacement needs.

Examples included pool resurfacing estimated at \$300,000-\$500,000, road paving and culvert work, marina and bank stabilization obligations, and added archaeological and environmental mitigation costs. Staff also noted that some projects have been deferred or coordinated with utility work.

The proposed funding strategy front-loads reserve contributions over the next several years to flatten large capital-cost peaks and reduce the risk of special assessments. The five-year forecast currently projects annual dues of \$3,496 in 2028, \$3,849 in 2029, \$4,287 in 2030, and \$4,528 in 2031. It is important to emphasize that these are planning estimates, not adopted future assessments, and will be revisited annually as the reserve studies, project timing, and cost assumptions are updated.

Board Considerations

- The 2027 reserve increase is material, but it responds directly to historically inadequate reserve balances, deferred component replacements and identifying previously unaccounted assets like bank stabilization..
- The budget preserves operating discipline: nearly the entire year-over-year expenditure increase is directed to reserves, not recurring operations.
- Clear member communication should connect the \$190 per-lot increase to specific asset risks, the objective of avoiding special assessments, and the need for annual updates as project costs and timing change.
- Revenue and cost-management ideas raised at the town hall - including marina utilization, amenity fees, irrigation alternatives, and facility reconfiguration - warrant separate evaluation and should not be assumed in the adopted budget until developed and approved.

FINANCE COMMITTEE RECOMMENDATION - The Finance Committee met on September 15, 2026, for a final review and recommends that the BBVCC Board adopt the draft budget to be included in the November 6, 2026, Annual Budget Meeting & Election.

Sources: 2027 BBVCC Budget in Detail, FICO Recommended, September 11, 2026; 2027 Budget Town Hall Meeting Summary, September 12, 2026.