

Budget Discussion

The first item of new Business is the budget for next year. The budget is a planning document. There are three major changes coming. As I move through the subjects, I will stop and ask for questions. There is a lot of information. My goal is that everyone can understand what will be happening.

Change in Property Management

The current situation of Property Management is not maintainable. There is no one in line to be the next property manager nor a potential apprentice to learn the job. Further with the passing of the previous property manager, I don't have an emergency backup.

That is why an external property manager is coming. It is a question of when, not if. My preference is that the change over be done deliberately, not as an emergency. The new property manager will have a dramatic impact on our technology, for example there will be an app on your smart phone to handle your interactions with Council.

This change over will not impact the operation of the Board of Directors.

The budget has an \$8.70 average increase in your assessment for the new Property Manager.

Questions?

Loss of Fee Income

In the past Council charged for completing questionnaires and providing resale certificates. In the future those payments will go directly to the property manager. That loss of fee income has an impact of an average of \$2.30 per unit month.

Questions?

Electric Panel Replacement

The original cost estimate for the replacement of the Sonoma Buildings Electric Panel was \$50,000. The current budget had an estimate of \$65,000 to cover the potential impact of inflation. The work was sent out to bid to 15 electric contractors. They were notified first electronically with a follow on phone call. Only one vendor responded. This is an example of the difficulty we experience in finding contractors. The bid and associated costs came in at about \$39,000. We signed a contract late last year for the work to be done in April. The project was delayed because needed equipment was still backordered. The most recent estimate for the shipping is in December. The current estimate for the work to be done is early next year.

The original plan was to start saving to pay for the replacement in '22 and then in '23 do one building a year.

Because the bid was lower than estimated, we are accelerating the process. The plan is to sign a contract this fall for 810 Charlotte Way. Then in '24 sign and fund contracts for the remaining two Sonoma Buildings.

A reminder, the Zinsco equipment is a well known safety problem. There has been an incident with the electric equipment in a Sonoma Building already. In the event of a significant failure, it could take months to restore the power.

To pay for this accelerated repair process an increase of \$12.43 will be added to the average monthly assessment.

Those of you who are owners in a Sonoma Building, you will be billed for your share of the upgraded equipment. The billing will be made after completion. The cost for 843 Melissa Ct will be about \$1300.

Questions?

Wood Replacement

Are buildings are aging. We have fallen behind with repairs. There are over 50 work request on our list. We are attempting to correct that situation. This budget has a 70% increase in the wood repair budget. At one time we were doing preventative maintenance, not just reacting to the problems. We need to return to that practice. This higher pace of repairs will increase the average monthly assessment by \$8.59.

Questions?

Contracting

Our largest contract is for landscaping. That contract has been in place for five years. It had a fixed cost. It expires this year. The future cost of the contract will be higher. This budget assumes a 25% increase in cost for new contracts. That is a \$5.76 increase in the average monthly assessment.

Questions?

Insurance

Our insurance payments have increased. We have a \$10,000 deductible on our policy

to help keep costs low. The higher insurance cost will result in a \$3.22 addition to the average monthly assessment.

Questions?

Snow Removal

This past winter there was almost no expense for snow removal. Council is making a small reduction in that line item in the budget. That reduction is a \$1.38 per unit per month.

Questions?

Change in Assessment

All of these changes combine together to a \$40 increase in the average monthly assessment. \$32 of the \$40 is due to change in Property Management, Electric Panels replacement being faster, and a big increase in the repair budget. The unit monthly assessment is based on the square footage of the unit. The Board of Directors has not decided what if any change they will be making to there assessment.

Questions?