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# East Bluff Homeowners Association

2024 Proposed Budget and  
Siding Project

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**East Bluff Homeowners Association  
2024 Proposed Budget and Siding Project  
Special Introductory Meeting Notes  
Warner Park Recreation Center  
6:30 PM  
1/10/2024**

Presentation link:

<https://docs.google.com/presentation/d/1TstcwG4vsCG4BC6R8jhtE6R8hyXO3zeWoGgj1LYoVu/edit?pli=1#slide=id.p>

PDF of slides available:

East Bluff Homeowners Association 2024-01-10 meeting slides.pdf

**Agenda:**

2023/24 and 2024/25 Budget Expense Comparison  
Budget Comparison - Total Cost Savings  
2023/24 and 2024/25 Budget Income Comparison  
Siding Project Overview

- Proposals
- Project Details
- Project Financing
- 2024/25 Budget with Siding Costs Included

2023/24 and 2024/25 Budget Income Comparison  
Why Siding Now  
Q&A's

The Board (with assistance from Jared at Superior Property Management (SPM)) has been working on the idea of restarting the siding project for the last several months, and has discussed at length how to make it feasible and how to best plan it. We've reviewed the budget for this year and adjusted next year's planned budget.

## 2023/24 and 2024/25 Budget Expense Comparison : Administrative

	2023/24 Budget	2024/25 Proposal	Budgeted Difference	Notes
1010 Telephone and Internet	\$2,000	\$2,000	\$0	
1130 Legal & Professional	\$1,000	\$4,700	\$3,700	2024 - Combine with Accounting
1040 Office Equipment & Supplies, Staff Supplies	\$3,000	\$2,000	-\$1,000	Rarely any printing, new hard drive 2023
1100 Bank Deposit Fees	\$700	\$0	-\$700	Switching Banks
1110 Accounting & Audit	\$3,700	\$0	-\$3,700	Combined with Legal & Professional
1140 Court Fees	\$200	\$0	-\$200	Remove - Charged to Owner
1191 Homeowner Reimbursements	\$500	\$0	-\$500	Remove - Should not be an expense - Part of Maintenance
1170 Employee Job Related (SHIRTS, MASKS, TRAINING ETC.)	\$2,000	\$0	-\$2,000	Remove and combine maintenance supplies
1090 Community Development	\$500	\$0	-\$500	Combine with Employee Job Related
<b>Total Admin</b>	<b>\$13,600</b>	<b>\$8,700</b>	<b>-\$4,900</b>	

### 2023/24 and 2024/25 Budget Expense Comparison : Administrative

For the Administrative comparison (slide 3): some lines have no change, but others are being combined with other budget lines. For example: "Legal and Professional" has combined with "Accounting & Audit". SPM will have ways to have main lines with sublines underneath so we can still track how much is spent in these categories but it will make it easier for planning and reporting.

Others are being removed outright. "Court Fees" should be paid by the homeowner when required for liens, etc. instead of being a budget amount shared by the entire association.

"Employee Job-Related" budget line has been moved under maintenance.

"Bank Deposit Fees" will be deleted since we've switched banks and will no longer need to pay fees to deposit money.

These deductions and changes under Administration provide us with a projected **savings of \$4,900**

## 2023/24 and 2024/25 Budget Expense Comparison : Utilities

	2023/24 Budget	2024/25 Proposal	Budgeted Difference	Notes
2010 Natural Gas & Electric	\$6,000	\$6,000	\$0	
2030 Water & Sewer	\$80,000	\$85,000	\$5,000	Increased Rates
2040 Refuse Collection	\$1,000	\$500	-\$500	If needed, charge owner
<b>Total Utilities</b>	<b>\$87,000</b>	<b>\$91,500</b>	<b>\$4,500</b>	

### 2023/24 and 2024/25 Budget Expense Comparison : Utilities

Utilities (slide 4) includes some increase to cover increases for utilities cost.

“Natural Gas & Electric” will stay the same, but “Water & Sewer” will be increasing due to increased rates.

“Refuse Collection” will decrease since SPM is now organizing Large item pick-up and will purchase stickers for homeowners in need to buy individually instead of sharing the cost by all.

These deductions and changes under Utilities provide us with a projected **increase of \$4,500**

### **2023/24 and 2024/25 Budget Expense Comparison : Payroll**

Payroll (slide 5) has changes:

Adjustment to cost for Superior Property Management since we overestimated their charge.

We’ve removed the line item for “Bookkeeper” since that position doesn’t exist anymore.

Oscar (as Groundskeeper) is now salaried, with a slight increase to include what we’d budgeted for overtime pay as well as his annual Christmas bonus. This allows him to better organize his time and deal with snow removal when needed.

We don’t project a need for a PT (part-time) groundskeeper since Oscar has been very organized with his work and time.

These deductions and changes under Payroll provide us with a projected **savings of \$48,023**

### **2023/24 and 2024/25 Budget Expense Comparison : Maintenance**

This section (slides 6 & 7) includes some increases but mostly savings.

Highlights include:

Removing the “Exterior siding-labor for ongoing repairs” line of \$20,000, the “Exterior siding-cherry picker” at \$7,000, and the “Exterior Building Material fencing” at \$5,000 since with our siding project plans there will be no need for siding repair/patching work. These will be covered by our loan and the contractor’s warranty.

Other lines in the section have been given a 5% increase for inflation.

“Friske Mowing and Fall cleanup” is not needed since this will be Oscar’s primary duty in the summer.

The contract with “Tru Green” has ended and will not be renewed.

We’ve purchased the correct equipment for our landscaping work and should only have to make repairs when needed.

These deductions and changes under Maintenance provide us with a projected **savings of \$63,184.**

### **Budget Comparison: Total Savings**

Total saving (slide 8) is almost \$111,000: however, this does not include our needed Reserve Fund Contributions. (See more info on slide 11). This number will decrease annually due to inflation.

Proposed siding project:

**Siding Proposals** (slide 9)

## Siding Proposals

Company	Cost Per Building	Notes
Arrow Exterior and Design	\$38,300	Does not include Soffit and Fascia
Prairie Exteriors	\$80,000+	Does not include Soffit and Fascia
Hometown Xteriors	\$43,000	Includes Soffit and Fascia. BOD negotiated 15% savings
Heins	\$43,000	Included Soffit and Fascia, company not willing to negotiate and concerns over warranty/vendors

Management solicited four bids

BOD and Management interviewed top two

BOD negotiated costs and selected final contractor based on price, flexibility and quality of service

We moved forward after sending for and receiving quotes from 4 different contractors, which we all vetted, including plans & itineraries. We selected to interview with 2, since Prairie was beyond our budget. Arrow Exteriors didn't give us what we needed in terms of project.

The board also decided to go with vinyl siding to give us better, longer-lasting exterior. The cost is less in the meantime, since it will not require upkeep, nor will we have to deal with woodpecker holes anymore. The vinyl will cover the existing smart wood siding, which may give homeowners more Energy savings due to more insulation.

The Board and Jared (SPM) interviewed with representatives in person from Heins and Hometown Xteriors. Hometown Xteriors was our final choice with a projected cost of \$48,000/building. The company gave us better, longer warranties on the work and materials, which included negotiating better pricing: a 15% discount from their original bid. We also preferred that the company used the same subcontractors frequently instead of hiring new ones for each job. The work includes vinyl siding on soffit and fascia. Projected start and finish on each building is approximately 2 weeks.

### Project Details (slide 10)

- Vinyl siding will go over existing siding
  - Providing an additional layer of insulation
    - Long-term energy savings for each owner
- Why Vinyl - Maintenance:
  - Maintenance is always the highest cost of any project
    - Power washing every few years compared to painting, sealing, and patching
- Double warranty
  - Installation warranty from Hometown Xteriors and product warranty from supplier
- Timeline: Project to begin in late February or early March
  - Estimated 1-2 weeks per building
- Total Project Cost Estimate: \$946,000

- Estimate because there may be unforeseen damages
  - Cost of \$55 per smart wood panel to be replaced. Not anticipated to have too many issues
- Includes all 22-Buildings, does not include office. This is not a priority at the moment.

## Project Financing

(Slide 11)

Total Project Cost (minus repair if needed) is \$946,000

### Project Financing

Total Project Cost (minus repair if needed): \$946,000

Account Balances			
	As of 1/10/24	Proposed	Notes
Checking	\$109,030	\$50,000	Low interest in checking account. Better to invest in high yield reserve or downpayment on 7% loan
Gen Reserve	\$86,850	\$100,000	Invest in general reserve
Electric	\$18,049	\$0	Have two existing panels so no urgent need for these funds.
Parking lot	\$56,152	\$56,148	Maintain
Roof	\$61,445	\$61,436	Maintain
Water Main	\$72,545	\$50,000	Reduce to provide funds for 3 water main breaks (less than annual average)
Reserve II	\$20,000	-	
<b>Total Funds Available</b>	<b>\$424,071</b>	<b>\$317,584</b>	Association is saving money on a monthly bases due to budget cuts. Additional funds available to be invested in project or reserve funds.
Difference	\$106,487		

Looking at our reserve accounts, which pay for other long-term projects:

#### Highlights:

“Checking”: We’ve adjusted down to only have \$50,000 in our low-interest checking account which can cover some day-to-day operations. The other \$59,000 will serve us better if we invest it in a high-yield reserve account or use it as downpayment on our siding project’s 7% loan.

“Electric”: This reserve fund was established to have some money for if/when another electrical panel needs to be replaced. We have decided to use this money toward our siding project instead since we have two panels on hand. We can skip putting money in these reserves this year but add to it again next year if needed.

“Parking” and “Roof” reserve accounts will be maintained at their current amount.

“Water Main” account was decreased with expected cost enough for 3 water main breaks, which is less than our annual average.

Total savings in these accounts will be \$317,584 for the 2024/2025 budget year.

This gives a difference of **\$106,487**.

Additional funds available to be invested in project or reserve funds.

The Board could pull from the other reserves if needed.

### 2024/25 Budget - Siding

(Slide 12) With \$106k excess funds, the Association can use \$75k towards the downpayment of the siding project.

2024/25 Budget - Siding

**Downpayment: \$75,000**

**Loan: \$867,000 at 7% interest over 10-years**

**Annual Cost: \$122,000**

Breakdown of budget for next year vs this year

### 2024/25 Budget - Siding

Downpayment: \$75,000

Loan: \$867,000 at 7% interest over 10-years

Annual Cost: \$122,000

	2023/24 Budget	2024/25 Proposal
Total Admin	\$13,600	\$8,700
Total Utilities	\$87,000	\$91,500
Payroll Total	\$173,161	\$125,138
Total Maintenance	\$125,700	\$63,184
Loan Annual Cost	-	\$122,000
<b>TOTAL EXPENSES</b>	<b>\$399,461</b>	<b>\$410,522</b>

Difference between 2023 Budget and 2024 Proposed with loan for siding - \$11,061

**Even though the project should take less than a year, the loan for the siding project is \$122k per year and need to be paid back over the next 10 years.**

Difference between 2023 Budget and 2024 Proposed with loan for siding - \$11,061

## 2023/24 and 2024/25 Budget Income Comparison

	2023/24 Budget	2024/25 Budget 12% Fee Increase	2024/25 Budget 4% increase with AVG \$150 Special Assessment
Monthly Condo Fees	\$ 399,686	\$ 459,360	\$ 425,568
Revenue Sharing (1-time signing bonus)	-	\$17,000	\$17,000
Special Assessment	-	-	\$26,400
Carryover	\$60,000	-	-
<b>TOTAL INCOME</b>	<b>\$459,686</b>	<b>\$476,360</b>	<b>\$468,968</b>
Total Income	\$459,686	\$476,360	468,968
<b>TOTAL EXPENSES</b>	<b>\$399,461</b>	<b>410,522</b>	<b>410,522</b>
Reserve Transfer	\$60,000	47,636	44,257
<b>TOTAL EXPENSE + RESERVE</b>	<b>\$459,461</b>	<b>453,158</b>	<b>449,779</b>
Net (Income - Expenses)	\$225	23,202	19,189

- Budget increase to account for \$11,061 shortfall and Reserve Contribution
- Two options: Flat increase in monthly dues or smaller increase with SA
- Revenue Sharing Opportunity
- Reserve Contribution different because no SA funds would be allocated
- Net to be added to reserve or used for additional CapEx project based on need

## 2023/24 and 2024/25 Budget Income Comparison

(Slide 13) Options for funding to make up the \$11k difference are:

*12% fee increase only which would **not** incur special assessment for this project this year/every year.*

*Otherwise, we propose a 4% increase and special assessment this year with a projected smaller assessment every year.*

Note that we've also signed up for a "Revenue Sharing" to basically not promote any internet services, paid for by a third-party on Charter's behalf. Revenue sharing is by a third party which connects large communities like ours with service providers who, if we do not promote other business will provide us with a one-time signing bonus of \$17k, paid to the Association, and annual revenue sharing of approximately \$25k, also paid to the Association. It doesn't cost us anything and also does not prohibit any homeowner from their choice of service provider.

Also note that the reserve contribution is slightly different when comparing the two options since special assessment funds wouldn't be part of it, per our bylaws.

## Why is this Necessary

## Why is this Necessary



Above (slide 14) shows some pictures of some of the existing bad spots on our buildings. Wayne noted that he has worked on our East Bluff buildings years ago and knows how we've been dealing with the siding; always in a piecemeal operation. When Wayne worked on the grounds, there was an average of 2 people always fixing the exterior/siding/painting/trim, etc. (Wayne also painted to help the guys out.) Even then, the siding was still falling behind. In our opinion, the association needs to do this, in one complete project to get it all done at once. If the existing paneling is contained, there will be no more deterioration. Using vinyl siding will eliminate the need to paint anymore. The last painting of siding was approximately 10 years ago. These pictures show how the trim around windows is especially bad; the baseboards are cracked or holey. (He's been here 24 years and also noted that the association has not had very many condo fee raises in all that time.) There may have been a few 2% or 3% raises. Most years, the fees were not raised even if inflation was raised.

The siding project will include a small layer of insulation paneling and then the vinyl siding. This should provide homeowners with some energy savings if they have no insulation.

### Comments/Questions:

**Comment/Question:** Yes, this project is needed but is there a way to do this slower/less expensive?

**Answer:** We recapped the project. One homeowner noted how much was saved by the changes to various budget lines which is also saving homeowners lot of money. The Board thinks this is the best way to do this to make sure all siding is replaced and that inflation doesn't effect the total price.

**Question:** Are we going to get taken/cheated again? Homeowners would like to see the contract.



**Answer:** The Board will provide as much information as possible about this project. We do have a written contract for this project and for the loan which includes work guarantees so there should be better use of money & better project management for all during this project.

**Question:** Will this change/affect insurance costs?

**Answer:** This project will definitely add to your property's value, but the board does not know if it would affect hazard or other insurance costs.

**Question:** A homeowner asked if a special assessment affects ability to sell unit; a buyer might look at the special assessment and assume it means that the condo association doesn't manage its money well?

**Answer:** Jared noted that in their other properties, small special assessment amounts should not affect your ability to sell, but if the special assessment was for thousands of dollars it might affect it more.

**Question:** How much of the last special assessment was actually collected? Is there a choice between the two?

**Answer:** The vast majority of homeowners paid the special assessment. Some (known) homeowners didn't. Jared also noted that before SPM was brought on, there were some favoritism for who had a lien placed on their property for unpaid fines and fees, while others didn't. Now all homeowners are treated equally; SPM treats everyone the same, and wants to focus on what's best for all the people that live here in our community. Siding on our buildings is the biggest investment.

We (the board and Jared) want to make sure our houses/investments are safe, whether you are retired or are a new, young homeowner. This product will last far longer and be better in the long run.

**Question:** What's the project timeline again?

**Answer:** Plan project should be finished in 6 months/ within a year.

Each homeowner will get a notice at least a week before the siding project would start on their building. Project will include: trim, soffit, fascia, and possibly gutters

**Question:** Fencing?

**Answer:** Yes will happen but not yet. Possible project later, hopefully not a special assessment

**Side note:** Company measured windows measurements for pricing if homeowner wanted.

Today's quote: \$800/ window

### **Comments on how to make the annual meeting better:**

- Quieter partner/next room: try not to have a dance/kids on the other side of the half-room at the same time if possible.
- Show siding/colors at meeting

- Provide a image mockup of a building by contractor
- Have a schedule of which building willb e worked on in what order planned out and publish it widely ASAP
- PUT on in the PRINT BULLETIN
- Add info to the website

**Comment** on garbage pickup notice by email was not seen by all.

**Comment:** Print notice for this meeting was appreciated.

**This info will be repeated at the Annual Meeting on March 12, 2024 meeting**  
**Thanks to all who attended our informational meeting.**