

Budget message:

The following summary provides information about the growing list of needs we are facing and why our assessments need to increase.

If you recall the documents you received when you bought your unit (or your owner bought it if you are leasing), you know that our buildings and grounds are owned “in common”, and that the elected board of directors is responsible to see that our buildings are maintained. As a practical matter, the condominium association is responsible for keeping everything from the walls out to the sidewalk safe and in good repair. That is what our assessments pay for, and one of the board’s jobs is to identify the budget needed to do this and propose a budget that levies fees and assessments to cover it.

The board has a legal obligation to all owners meet these responsibilities. There are many laws on this subject, and an internet search will quickly find many examples of litigation when associations fail to meet their responsibilities to maintain their properties so that owners and tenants have safe and sound homes.

Our units were built in 2003, so for the first decade we benefited from having relatively new units and assessments have been kept lower by scrimping on maintenance. In fact, our entire building maintenance budget for 2016 is \$2,000, or less than \$100 per unit. That leaves little for preventive maintenance much less major repairs. A single big repair can far outweigh any short term savings.

An example of what this lack of maintenance investment can lead to occurred earlier this year. One of our owners discovered a slow roof leak had led to significant damage to their unit, including paint, drywall, insulation and other building components. Mold remediation was also required, and the bill topped \$10,000 – over five times our annual building maintenance budget. Our insurance does not cover this (it is difficult to obtain and would be very expensive). We were forced to borrow from our building renewal fund to pay for the repairs. That loan needs to be paid back.

The law requires that every three years a building professional must be retained to review the condition of our building and grounds, and provide us with an estimate future repair and replacement needs for major building and landscaping components. It has been over three years since the last assessment was done, and we have recently retained a building envelope specialist to perform that survey and study.

He visited and toured our properties on November 23rd, and I accompanied him to hear his observations. He told me that he recently completed an inspection of the Phase 1 condominium roofs, and since those buildings were completed by the same builder at about the same time he could see we are experiencing many of the same problems. Our reserve study will be completed

next month, but for the purposes of our budget planning I prepared a brief summary of some of his major points which is attached.

Of most immediate concern are the following:

- **Roofs:** Our roofs are aging and water is leaking in from around roof penetrations (vents, pipes, chimneys) flashings, etc. which is creating slow leaks that can cause the kind of big damage we experienced earlier this year. We will need a full roof inspection by a qualified specialist to determine which repairs are needed, and it must be done soon. He pointed out a number of places where problems are evident (see photos in the site visit summary for two examples), and there are probably more that are hidden and will only be discovered by close inspection by a specialist.
- **Siding and trim:** The caulking that seals the corners and openings on our exterior siding has aged due to heating/cooling over the years and exposure to sunlight (ultraviolet radiation) so has lost its ability to seal the surfaces. Water is getting in behind the siding in a number of places, and the paint has worn to the point that it does not protect the siding which is a fiber composite product and will deteriorate quickly if it gets wet. Water getting in behind siding can mean rotting of structural members and mold intrusion, again very expensive to fix. Caulking and painting cannot be delayed. There is already evidence of these problems.
- **Gutters and downspouts:** Our inspector pointed out that many gutters are not draining properly, downspouts have plugged and/or were installed with inadequate downspouts. Those systems are failing in a number of locations, and the overflows are damaging siding and trim.
- **Wood fences:** Our wood fences are constructed of the minimum grade material which is not resistant to decay; as a result many fence posts and members have rotted. Repairing them will be expensive, and putting more money into repair of materials with limited life span is not cost effective. Replacement with vinyl would last far longer and would be much more cost effective in the long term, but will cost about \$25,000.

Our reserve fund is currently over \$100,000 and is established to cover major replacements such as building repainting and scheduled replacement of roofing, windows and other building components when they reach the point of needing replacement. Our last reserve fund projections estimated that our reserves were 40% of our projected needs, but with increasing maintenance needs like we experienced this year we have made little progress in increasing this balance. We will know more when the reserve fund study is completed next month, but based on what I saw and heard during the site visit we should expect that the forecast of funding needs will go up a lot.

We enjoyed little or no increases in our monthly fees for a number of years. For reference, here is what our dues have changed year to year over the last four years:

2013	-4.2%
2014	0.0%
2015	1.0%

2016 3.1%

While none of us wants to have to pay more in assessments, we cannot put off our responsibilities to keep our units in good repair any longer.

Since we do not yet have the results of the reserve study – nor of an inspection of our roofs – the board approved a budget increase of 12% for next year, which brings our average increase since 2013 to 2.3%. We do not yet know if this will be enough, but feel we must make moves now to make sure we can start taking the steps needed to take care of our most pressing needs and build our reserve funds.

We will hold our annual budget meeting on December 14th at 6:00 at Panera to answer questions and hopefully be able to share more about the findings of the reserve study. Under section 10.3.3 of our Disclosures, if over half of all owners (i.e., 13 unit owners) attend or send proper notice of objection, the budget will be disapproved and will revert to this year's level. Doing so could require some painful budget choices, and could result in much larger increases and/or special assessments which might become needed later.

We appreciate your interest and we invite you to contact any board member to express your opinion or, better yet, volunteer to get involved in improving our association and homes.

PS – We want to remind you that members are always welcome at our board meetings and we thank those who have volunteered for projects – your help is appreciated. Board meeting announcements and minutes are sent to all Google Group members and will also be posted to our website (thanks to Anna Martchenko for creating our website).

Here's the website address:

<http://www.woodbridgeowners.com/parkside/>

Thanks

Your Parkside board