

Record of WLCA Actions in September and October 2012

<i>Walden's Landing Community Association (WLCA)</i>				
<u>Board of Directors</u>	<u>Association Officers</u>	<u>Architectural and Environmental Controls</u>	<u>Landscape Committee</u>	
Tom Amos 410 730-0102	President: Dave Brown 410 997-0660	John Kohlman 410 997-6398	Melissa Smith 410 715-4414	
Lorette Farris 410 715-5099	Vice President: Vacant Secretary: Vacant	Dion Nias 443 413-6933	Tom Amos 410 730-0102	
Joe Staugaitis 410 772-1275	Treasurer: Jim Albert 410-730-1077	Jerry Simmons 410 730-9370	Karen Adomines 410 964-9780	
<u>Social Activities Committee</u>				<u>Drainage Projects</u>
Lorette Farris	Dion Nias	Melissa Smith	(room for more)	Tom Amos

Record of Actions between the Board Meetings on August 25 and October 27, 2012

On 27 August, President Dave Brown notified Ellen Adams' realtor, Stephen Lazarz of Execuhome Realty that the sign posted on the street is not allowed. Several emails were exchanged quoting sections of the Howard County Code. Ellen agreed to make the requested change; however, the realtor has taken no action to date.

On 8 October, Treasurer Jim Albert met with President Dave Brown to go over the details of the 2013 budget to be presented to the community for review. Following the meeting, Jim sent this email:

Board members, I know this is a very long e-mail, but it is very important, and has gotten you out of tonight's budget meeting. Please take the time to read it in full, and respond to the questions near the end. Thank you.

Tonight, Dave and I went through the budget numbers attached. I have attached the spreadsheet and the .pdf version of the four tabs of the excel file. You will note that there is a page showing actual expenses (projected through year end) compared to the budget, and three budget forecast scenarios. The first tab is the comparison of budget to actual. You will note that we are very far below budget in expenses this year. This is primarily because Ellen negotiated some great lawn care / tree deals that are several thousand dollars below what we thought we would spend at this time last year. The other great savings was the fact that we haven't done any of the major projects we had planned to do this year, and even with good progress through the fall, it is unlikely that we will be billed for any of them before the end of the year.

The result is that we are projecting to have almost \$20,000 more in savings at the end of the year than we were projecting (over \$45,000). So, based on this I have created three budget forecasts:

1) No dues increase this year - an obvious choice given our great savings rate. This plan is based on actual contracted expenses for the next two years for lawn care, trees and snow. It includes \$11k for projects next year (landscaping and sidewalk), and the return to a single project per year after that. It also includes \$2,000 for some parking lot repairs next year. Assuming no increase in 2013, but \$10/yr increases in 2014 and beyond, we will have enough savings built up by 2016 to afford a major parking lot project (\$20k), and still have \$35,000 in savings which is a reasonable cushion.

2) A \$10 dues increase this year, and each subsequent year. The expenses are assumed the same as in option #1, and so it obviously leaves us with a larger savings after a major project in 2016 (estimated at \$47,000).

I should point out that we have no idea of whether or not we will need a major parking lot repair in 2016. It is simply obvious we won't need one soon based on the current state of the parking lots, but we will need one eventually, so we are always looking ahead to

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make sure we can afford the minimum ongoing expenses, plus some project work, plus saving for major projects.

3) This is the worst case scenario given that we are having a hard time moving people into leadership roles, and I may be moving out in 2013 (still don't know yet). If we cannot get more volunteers, we may need a management company. This is a very large expense, probably over \$10k/yr. I have created final option to see if we could afford it if we didn't take a dues increase this year. The bylaws limit us to a 10% annual dues increase unless we get a super majority of the neighborhood to vote for a special assessment or a higher increase (I think it is 2/3, but it may be 3/4). Since we can't even get more than 40% of the community to show up for an annual meeting, it seems hopeless to ever get a special assessment passed.

To run this simulation, I assumed we would decide mid-year to hire the management company, but with the interview / selection process it probably wouldn't happen until the start of the following year (2014). To help our financial state, we could then opt to institute a mid-year \$20/qtr increase in dues, and a second, \$25/qtr increase in 2014. With subsequent 10% increases through 2016 or 2017, we could get our dues up high enough, fast enough to afford the financial shock of a management company (I assumed a cost of \$13,000/yr in 2014 and a \$1,000 increase per year), and still have roughly \$40,000 in savings after a major repair expense in 2016 or 2017.

Based on this information, Dave and I are recommending to the board that we do not do a dues increase for 2013, and leave it at \$230/quarter. We seem to have plenty of money in savings to cover our expenses for the coming years, and will be able to raise dues in the future if necessary to cover additional expenses that we are not currently anticipating. I will be happy to answer any detailed question, and would welcome any input on expected expenses (such as whether the website cost is going to go up, or whether we think \$11,000 is enough to cover the drainage projects we want to do next year). However, unless the changes to the budget are dramatic, I would ask that you vote on the question of increase or no increase without me revising the budget before you do. Our next step is as follows:

- 1) I need all three board members to vote unanimously on either no dues increase, a \$10/qtr increase, or another solution that you all agree to that I didn't think of. You are only voting for the 2013 budget, I just put the future years in there to show you the potential ramifications of what might happen. Each board will vote on the budget each year. I need the votes no later than 10/22! Specifically you are voting: "To approve the budget (with or without dues increase) for recommendation to the community for their review"
- 2) I will take the recommended budget and distribute it to the community no later than 11/4.
- 3) By state law, the community members will have 30 days to review and comment on the budget, meaning that comments will remain open until 12/3/12.
- 4) I will compile the comments and distribute them to you for your review on 12/4 +/- (in the past we have not had any comments)
- 5) I will request a final vote on the budget by e-mail no later than 12/11/12.
- 6) Based upon the final vote, I will issue invoices to the homeowners no later than 12/20/12.

Please take some time, review this information, discuss among yourselves, ask questions, and VOTE BY 10/22/12.

One more thing that I didn't want to clutter the budget e-mail with was a quick discussion of what I will send to our neighbors once the budget is agreed to. Typically I send the budget with a one-page sheet explaining what was spent in 2012, what wasn't spent, what we are anticipating, and why we have decided to raise dues or not raise dues for the next year. I do not send the versions that the board doesn't approve, that just confuses things, and we are only required to send the proposed budgets, not every discarded option.

This year I am going to send a second enclosure strongly requesting volunteers, specifically for the secretary and vice-president positions. Dave and I have been splitting the secretary duties for almost two full years on top of our other leadership duties, and it is taxing and needs to be filled. The vice-president position is also the perfect position for someone who wants to take a leadership role on projects that we just haven't had enough people to organize.

I am telling you this because I plan to make it very clear in the request that volunteers for these two positions would not have to pay any dues. I don't know how widely that practice has been known in the past. We haven't kept it a secret, but we haven't exactly made it public either. I think it is important for people to understand that if they can step up and do more, they can see some sort of reward (or at least deferment of cost).

This of course, has an effect on the budget. The 2013 budget is based on the somewhat pessimistic view that nobody steps forward, but the future years assume that only 47 people are paying dues (right now 48 are). The budget with the management company assumes that all 50 people pay dues. At \$230/qtr, for each officer we have that isn't paying dues, it costs the community \$960/yr in

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revenue.

Since this will potentially affect the revenue side of the budget, I thought you should know about it before I do it.

Also on 8 October, Treasurer Jim Albert called for a vote on the snow removal contract with the following email:

Board Members,

In reviewing the landscaping / snow removal contract to prepare the budget, I remembered that we will need to make a decision on the snow removal for 2013. As you may remember, we had a particularly bad winter 3 years ago. During that winter, we spent a record \$25,000 on snow removal, and it really, really hurt our finances. Following that, we contracted for flat rate snow removal contracts. We did that and were successful at normalizing our expenses to a fixed amount, which was set below our typical snow removal costs. Last year, we did that again, and paid \$6,000 for snow removal for 2012, but haven't had a single storm yet this year (it goes by calendar year, not seasons, so the contract isn't up yet).

The contract is up for renewal again - it is actually part of our landscaping contract. We have the choice to pay \$5,500 before the end of this year to cover all snow and ice removal in the parking lots and public sidewalks on Tamar and Lightspun Lane, or the choice to only pay by the storm. If we pay by the storm, the rate is \$640/push for snow removal and \$310 for ice treatment. A "push" of snow removal is every 4" +/- . It is really every time they come out to push the snow, if a storm is too fast they can't get here every four inches, but it is a good rule of thumb. In the blizzards (24 - 36"), we were typically paying for 4-5 pushes of snow and two ice treatments in each blizzard (almost \$5,000 per blizzard). In a normal snow storm we would pay 1-2 pushes plus one ice treatment. In the smallest freezing rain / ice storms we still pay for the ice treatment.

Even though we got burned this year on the snow removal, it is my recommendation that we pay for the protection and budget control of the fixed snow removal next year. I need a unanimous vote before 11/30 on whether or not to pay \$5,500 as a one-time lump sum fee for snow removal, or whether we should pay per individual storm.

Email votes were received from the directors on the following dates:

11 Oct – Tom voted for the flat \$5500 for snow removal.

13 Oct – Lorette approved the budget with a dues increase now for 2 reasons (1) since retaining the services of a management appears increasingly likely – I think we should begin building a reserve for that occurrence sooner than later, and (2) announcing the limited volunteer assistance as the reason for said increase could spur interest, and if not we can better plan for that likely outcome.

13 Oct – Lorette voted to pay the \$5500 one-time price for snow removal in 2013.

16 Oct – Tom voted for no dues increase at the start of the year, but endorsed the strong pitch for volunteers and recommended increasing the planned expenditures for parking lot repairs.

20 Oct – Joe voted for no dues increase for 2013.

22 Oct – Lorette voted to distribute the budget recommending no increase in fees at the start of 2013.

23 Oct – Joe voted for one-time \$5500 lump-sum fee for snow removal for next year

On 13 and 14 October, Kody and Laura Doherty sent emails to the Board announcing their interest in serving in the Vice President and Secretary positions. Note that these volunteers came forward during the week that the directors were voting on the fees for next year. The timing could not have been better for providing assurance that we can continue managing the community without paid professionals. At least one vote was directly affected, and all officers and directors are grateful for the new additions to our local government team.

On Friday 26 October, Kody and Laura met with Dave Brown and Anne Andrews to get a feel for how WLCA does business and get some background on the duties of the Vice President and Secretary. We also discussed the various attempts to improve communication in the community and the possibilities of improving the web site.