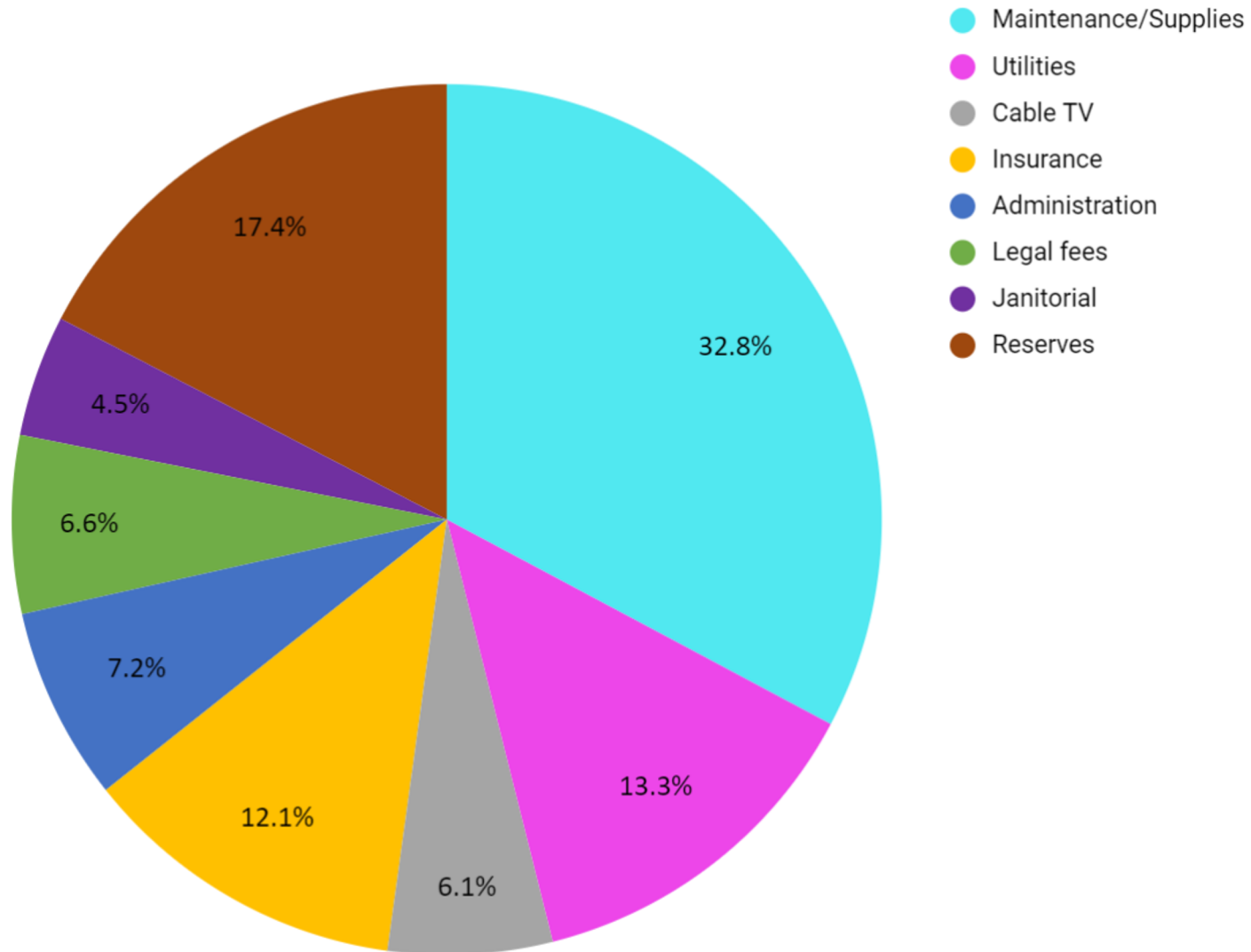


# Budget 2022

Lanai Condominium Association  
(09.18.2021 version)

# Lanai HOA Allocation 2021 through Aug.



# Reserves

	Balance	% of Annual Expenses**
<b>2018</b>	\$258,446	41.1%
<b>2019</b>	\$32,361	6.1%
<b>2020</b>	\$88,893	15.7%
<b>2021 Thru Aug.</b>	\$178,919	30.3%*

\* As percentage of anticipated 2021 expenses.

\*\* 2016 reserve study recommended full year's expenses + \$70,000 Common Area Reserve + \$400,000 Elevator Reserve + \$210,000 Power Plant Reserves (gas, electric, water, sewer) = Approx. \$1.27 Million [NOTE: Also recommended \$120,000 Roof Reserve but now have redone -- but had to be done through sp. assessment]

# Previous Results

	<b>Expenses (not sp. assessment)</b>	<b>Budget Variance</b>	<b>Op. Cash on Hand</b>
<b>2018</b>	\$629,299	+\$247,768 (65%)*	\$30,702.14
<b>2019</b>	\$535,561	+\$114,408 (27%)*	\$113,615.09
<b>2020</b>	\$567,077	+\$57,632 (11%)	\$92,257.43
<b>2021 Thru Aug.</b>	\$402,674	+\$64,371 (19%)	\$47,503.65

\* Includes natural gas and sewer catastrophe costs.

# Expenses We Budget

Area	2021 budget	2022
<b>Admin:</b> Accounting, legal, phones, web, postal, office.	\$64,509	Increase due to projected legal fees.
<b>Maintenance:</b> HVAC, birds, garage, pool, broken stuff.	\$79,188	Increase -- \$72k unbudgeted 2021 maint. Already know A/C \$26,000 for 2022.
<b>Janitorial:</b> 12 <sup>th</sup> floor, 1 <sup>st</sup> floor, stairs, carpeting.	\$37,839	About the same.
<b>Landscaping:</b> Plants, tree trimming, irrigation.	\$5,723	
<b>Plumbing:</b> Drain cleaning and routine repairs.	\$19,550	Varies year to year.
<b>Snow Removal:</b> Parking lots and sidewalks.	\$5,280	About the same.
<b>Elevator:</b> Monthly contract and unusual repairs.	\$13,020	About the same.
<b>Fire and Security:</b> Fire alarms, fob system, cameras.	\$4,830	About the same.
<b>Gym &amp; Social:</b> Gym upkeep and community gatherings.	\$5,775	
<b>Supplies:</b> Plumbing, janitorial, electrical, grounds.	\$5,976	Decrease due to category tracking.
<b>Insurance:</b> Building and board liability.	\$74,970	Goes up some every year.
<b>Utilities:</b> TV, electric, gas, storm drain, trash, water, sewer.	\$134,436	About the same.
<b>Special Projects:</b> Any one-time major expenses.	\$23,100	Increase for dumpster room, parking.
<b>Budgeted Reserves:</b> 12% of budgeted expenses + extra elevator reserves	\$126,956	About the same.

# Income We Budget

Area	2021 budget	2022
<b>HOA Fees:</b> Mathematically generated.	\$604,853	Will go up to cover inflation and expenses.
<b>Clubhouse Rental:</b> People reserving the party room.	\$0	Unknown – COVID. Not planning on it.
<b>Banking Interest Income:</b>	\$360	Should increase slightly with reserves.
<b>Laundry:</b> Money from the washers and dryers.	\$10,000	Has gone down some during COVID.
<b>Late Charges:</b> When people don't have it together.	\$120	Varies year to year.
<b>Key Fobs &amp; Garage Door Openers:</b>	\$120	About the same.
<b>Fines &amp; Misc. Income:</b> Rules violations.	\$120	About the same. Read the rules!
<b>Move In/Move Out Fees:</b>	\$2,400	About the same.
<b>Parking Space Rental:</b> From Association Spaces.	\$4,200	About the same.
<b>Storage Unit Rental:</b> From Association Spaces.	\$2,400	Has been decreasing.
<b>First Floor Apartment:</b> Fees from renting the unit.	\$18,000	About the same.

# Good News

- Reserves building more quickly
- Increases in HOA dues last 2 years provided cushion to absorb a lot of unbudgeted maintenance without tapping reserves
- Roof recoated, so hopefully will reduce roof-related expenses -- which will amount to probably \$31,000 this year for pre-coating damages

# Bad News

- Because reserves not yet where should be, had to impose special assessment for roof and boiler replacement
- \$72,000 in unbudgeted maintenance expenses
  - Although should decrease with roof recoating and as HVAC work slows down...
  - ...know we need to replace A/C compressor \$26,000
- \$27,000 in unbudgeted legal expenses (likely up to \$35,000 by end of year)
- Consumer Price Index since August 2020 has increased 5.3% (<https://www.bls.gov/cpi/latest-numbers.htm>), meaning everything is costing more



# 2022 Project Focus

## (Costs Estimated)

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<u>2022</u>	<u>Longer-Term</u>
Reserve Study - \$5,500	2nd Floor Awning - \$8,000
Sealing and striping parking lot & garage - \$7,500*	Pool Cover - \$3,250
Fireproof Dumpster Room - \$35,000*	12th Floor Remodel - \$52,250
	Awning/Gutters West Roof - \$30,000
	Elevator - \$400,000 (probably increased since reserve study estimate)

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\*Ballpark estimate — working w/ CAP to get firmer estimates for budget

# The Future

- Our budget approach has been to gauge increase by: (1) estimated cost of living increase, and (2) special budgeted projects above expected expenses
- Based on that, 20% increase could be justified in 2022 to ensure net positive –
  - 5.3% CPI
  - + 2021 unbudgeted legal fees = 6%
  - +A/C compressor = 4.8%
  - + (ballpark dumpster room & parking lot/garage) - 2021 sp. proj. budget = 4.6%
- And results of this year so far support as well — 19% over budgeted expenses right now
  - As a result, operating cash down \$44,754 since 2020, so less safety net than this year

# Plan the Board will consider on October 21st

- **Recommending: Likely 7 to 10% overall HOA dues increase**
  - Depends heavily on getting firmer numbers on cost of dumpster fire room and resealing and restriping parking lot & garage — working with CAP to solidify estimates
  - And will also consider September 2021 numbers in finalizing recommendation
- **Reserves:**
  - Will attempt to adhere to the extra reserve plan from last year – add'l \$61,250 beyond minimum fixed 12% that goes into reserves
  - However, that depends on any unplanned maintenance and other expenses