

Budget 2021

Lanai Condominium Association
(10.15.2020 version)

Expenses We Budget

Area	2020 budget	2021
Admin: Accounting, legal, phones, web, postal, office.	\$40,929	About the same.
Maintenance: HVAC, birds, garage, pool, broken stuff.	\$47,124	Over \$35,000 of unplanned maint. expenses. And roof needs redone.
Janitorial: 12 th floor, 1 st floor, stairs, carpeting.	\$37,332	About the same.
Landscaping: Mowing, plants, tree trimming, irrigation.	\$5,670	About the same.
Plumbing: Drain cleaning and routine repairs.	\$17,112	Going up – building drain issues.
Snow Removal: Parking lots and sidewalks.	\$5,280	Varies year to year.
Elevator: Monthly contract and unusual repairs.	\$12,726	About the same.
Fire and Security: Fire alarms, fob system, cameras.	\$8,127	About the same.
Gym & Social: Gym upkeep and community gatherings.	\$6,615	About the same.
Supplies: Plumbing, janitorial, electrical, grounds.	\$9,765	About the same.
Insurance: Building and board liability.	\$71,400	Goes up some every year.
Payroll: Salaries, insurance, taxes.	\$51,282	Increasing – new maint. contractor.
Utilities: TV, electric, gas, storm drain, trash, water, sewer.	\$134,681	About the same.
Special Projects: Any one-time major expenses.	\$62,150	Down significantly – building reserves.
Budgeted Reserves: 12% of budgeted expenses	\$61,224	Will increase proportional to exp. budget

Income We Budget

Area	2020 budget	2021
HOA Fees: Mathematically generated.	\$510,193	Will go up to cover inflation and expenses.
Clubhouse Rental: People reserving the party room.	\$1,320	Unknown – COVID. Not planning on it.
Unit Repairs Reimbursed: This isn't income. Repayment.	\$120	Doesn't affect our income.
Banking Interest Income:	\$360	Should increase slightly with reserves.
Laundry: Money from the washers and dryers.	\$10,200	About the same.
Pop Machine:	\$1,500	About the same.
Late Charges: When people don't have it together.	\$120	About the same.
Key Fobs & Garage Door Openers:	\$120	About the same.
Fines & Misc. Income: Rules violations.	\$120	About the same. Read the rules!
Move In/Move Out Fees:	\$2,400	About the same.
Parking Space Rental: From Association Spaces.	\$4,200	About the same.
Storage Unit Rental: From Association Spaces.	\$2,880	About the same.
First Floor Apartment: Fees from renting the unit.	\$18,000	About the same.

Previous Results

Year End	Expenses	Variance to Budget	Cash on Hand
2017	\$379,256.13	+\$3,394.33 (0.9%)	\$583,595.05*
2018	\$608,265.55	+\$227,144.79 (59.6%)**	\$617,635.86*
2019	\$906,811.25	+\$485,658.25 (215%)***	\$137,804.58
2020 Thru Sept.	\$436,119.07	+\$24,269.06 (5.9%)	\$156,930.99

* Included some funds from Special Assessment.
** Includes natural gas and sewer catastrophe costs.
*** Includes HVAC replacement costs from special assessment.

Good News

- Larger increases in HOA dues last 2 years allowed us to absorb unbudgeted maintenance without an assessment or tapping reserves
- Reserves building (albeit slowly)
 - \$73,441 in reserves now
 - Versus \$22,184.70 in Aug. 2019
- Reserves hopefully will increase faster in 2021 pursuant to plan put in place during 2020 budgeting

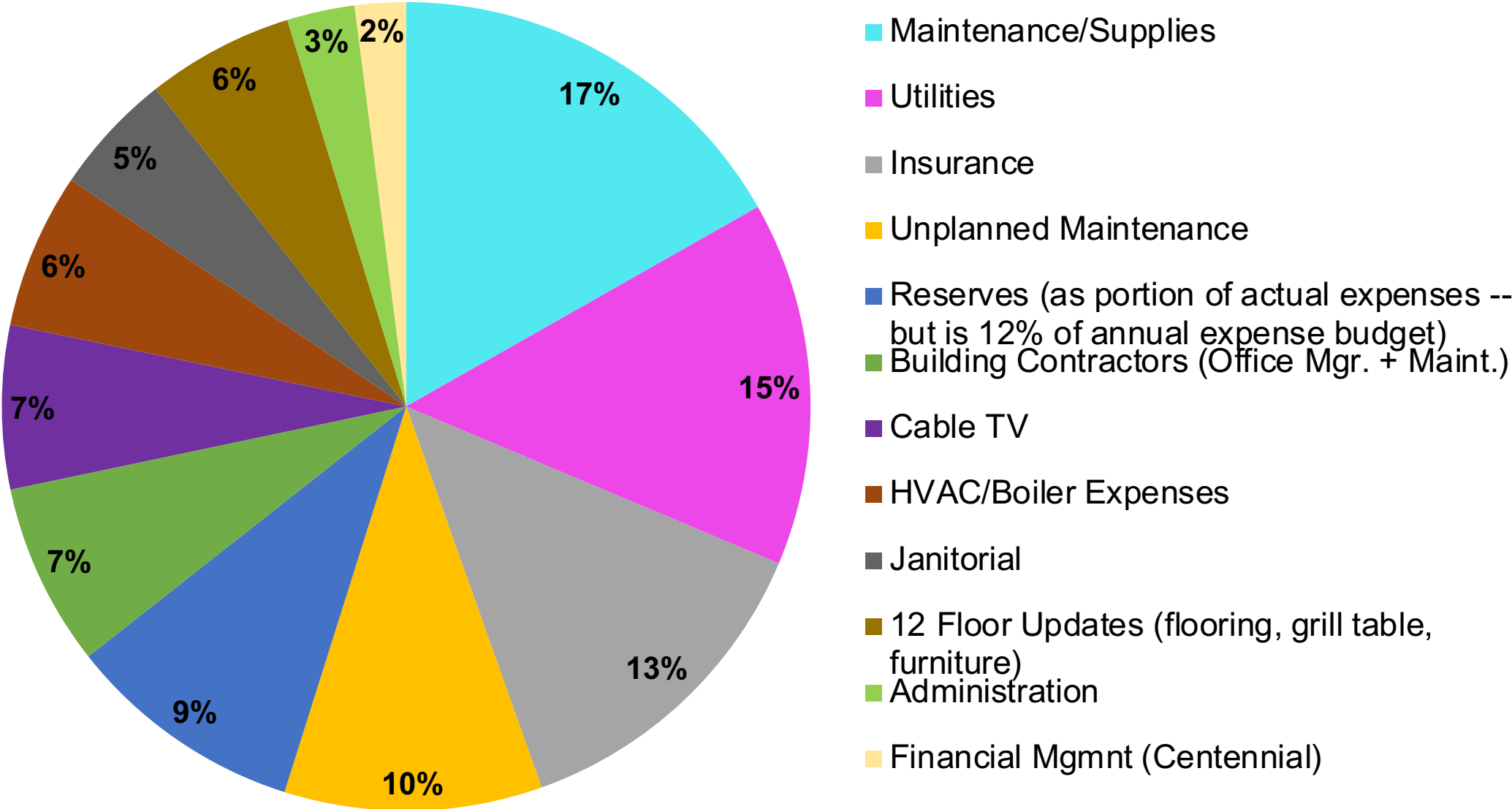
Majors Recently Done (or nearly done)

- Upgraded Elevator Doors
- Ohana Room & Library Carpet and Paint
 - Gym Floor Replacement
 - New Elliptical Machine
- Rooftop Gas Line & Grills
 - New Grill Counter
 - New Rooftop Furniture
- Brought Pool Fencing to Code
 - Finished HVAC/Boiler Replacement
 - Pool Heater
 - Apt. 101 Remodel
- Upgraded Front Landscaping
 - Lobby Remodel
 - 13th Floor Roof

Bad News

- Although *were* under budget through most 2020 (even with \$30,000 carryover boiler expenses to finish HVAC project) –
 - 2 recent unplanned maintenance expenses (\$32,800 to replace A/C compressor & \$1,935 to replace sump pump)
 - So, now 6% over budget
 - As a result, have been unable to put any *extra* into reserves beyond the budgeted minimum
- Our budgeted expenses will increase significantly (up to 7.3% -- \$37,640) due to new maintenance contractor
- Roof being redone is now high priority – could cost up to \$100,000

Lanai Expenditure as Portion of Actual 2020 Expenses (through Sept.)



Reserve Study 2016

- We commissioned a Reserve Study to have an outside agency review our deferred maintenance and account balances.
- They made recommendations on how we should spend our money and on the amounts of money we should keep on hand.

Reserve Recommendations

Permanent Financing / Emergency Reserves: One Year's Income will be about \$510,000. We are building this now. Somewhat slowly -- \$63,481 in savings.

Roofing Reserve: Ought to be around \$120,000. Nothing saved.

Common Area Reserve: Ought to be around \$70,000. Nothing saved.

Elevator: Ought to be around \$400,000. We are building this account now. Very slowly -- \$10,000.

Power Plant Reserves (gas, electric, water, sewer): \$210,000

The 2016 Reserve Study recommends we keep \$1.2 million in reserves

2021 Project Focus

(Costs Estimated)

2021

12th & 13th Floor Roofs \$70,000 to
\$120,000

Reserve Study \$4,500

Repipe Boiler Hot Water Pipes
\$4,500

2nd Floor Awning \$3,000

Pool Area Paint \$5,000

Pool Work \$5,000

Pool Furniture \$2,000

Landscaping \$2,000

Longer-Term

Pool Cover \$3,250

12th Floor Remodel \$52,250

Awning/Gutters West Roof \$30,000

Elevator \$400,000

The Future

- Plan from 2020 budget process was only to increase by an annual *estimated* 3% cost of living increase + special budgeted projects
- But it has to be more this year because –
 - More than 10% increase could be justified this year –
 - 3% cost of living increase (work and supplies are more expensive)
 - + up to 7% higher just for the new maintenance contractor
 - + Special Projects
 - And still need to increase reserves and save for elevator
 - Although put 12% of budgeted expenses into reserves pursuant to budget
 - Unable to put any extra into reserves this year so far
- And we have to replace the roof soon – as noted last year and in budget meetings this year – due to our minimal current reserves, any major projects will require a special assessment

Plan the Board will vote on November 19th

- Recommending: 5.85% overall HOA dues increase
 - We were under budget on many regular items this year, so tried to tighten up to keep the increase as low as possible
- 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

HOA Monthly Amounts

Now	Next Year (approx.)
\$606.48	\$642.48
\$415.68	\$439.67
\$404.62	\$427.91
\$362.56	\$383.21