MF BUDGET REVISION PROPOSAL

THIS DOCUMENT WAS REVIEWED & APPROVED (specifically the four proposal points) BY THE BOARD AT THE 11/4/17 BOARD MEETING – IT WAS RECOMMENDED BY THE PARTNERSHIP OF BUILDINGS &GROUNDS AND FINANCE

PROPOSAL & PREMISES

Proposal

That the *PROP MGR contract role* expense line item be reduced from $12,000 to $10,800 [a reduction of $1,200] in the budget worksheet

Further, that the *PROP MGMT contracted labor role* (aka contract handyman role) expense line item be increased from $6,650 to $8,000 [an increase of $1,350] in the budget worksheet

Further, that the assessment levels remain as previously approved in the 2018 Assessments Worksheet (see Attachment One for details)

Further, that Kathy (our MF treasurer) incorporate the key information in her communication concerning assessments & billing information for 2018 which is done in the November timeframe.

Premises

1) Aaron will defer his "retirement" from his two key roles (one paid, one volunteer) from 2018 until 2019. However, he will make the following two changes in 2018 relative to his current 2017 paid versus volunteer roles: a) his paid role of contracted labor (handyman) will become a volunteer role and b) his volunteer role of property asset manager will become a paid role rather than a volunteer role.

2) Aaron will be paid $10,800 annually in 2018 for his property asset manager role (to be paid in $900 per month equal installments for the 12 months of 2018). This engagement recognizes that the work involved is not constant across the twelve months, but rather is light during the January through April and November through December time frames [6 months] and quite heavy during the May through October time frame [6 months].

3) Where previously Aaron had the primary (key) responsibilities related to the general handyman role and Edguardo had the secondary responsibilities, that will change in 2018 to Edguardo being primary and Aaron secondary [although Aaron will still have oversight responsibility for the general handyman workload in his property asset manager role].

4) The premised factors for Edguardo's compensation are $25 per hour (a deserved raise) for 16 hours per week for 20 weeks. Those weeks will normally occur during a combination of a) the peak workload times which are the months of June through September and b) the slower workload times of the latter part of May and the early part of October.

5) That the board will deal with the small increase [$150] in our deficit budget for 2018 – making it a slightly larger challenge than was already the case.

BACKGROUND

1) The board adopted the 2018 Budget Worksheet and the 2018 Assessment Worksheet at their 7/8/17 board meeting and the owner's confirmed both at the 7/30/17 Annual Meeting – done with the caveat that both would be reviewed once the resource staffing & cost estimating work for the (paid) property asset manager was done. That work has been completed, with the solution as reflected in the premises that accompany the proposal.

2) The original set of key facts about the 2018 budget and assessment situation is attached as ATTACHMENT ONE to this document for reference.

3) The expectation is that the annual cost for our property asset manager should go down in 2019. The reason for the significant cost in 2018 is the expectation that the soon to be commissioned project to deal with our roof situation/issue will require very significant time from our property asset manager, and this will be in addition to the normal annual workload. However, due to the difficulty of filling that position for 2018 [thank you Aaron for "saving" us by delaying your retirement] it is an open question as to whether that expectation will be met.

ATTACHMENT ONE

MF BOARD OF DIRECTORS - 2018 BUDGET KEY FACTS

2018 BUDGET KEY FACTS

1) We adopted a deficit Budget for 2017 ($9,051.20), with the deficit being covered from our carried forward operating surplus ($16,316.76) from previous years. Our projected year end 2017 deficit is now $12,051.20. Therefore there will be only a small operating surplus left as we enter into 2018.

2) For the 2018 Budget there is good news and bad news.

The good news is that we as an organization have been very fortunate to have had two volunteer property managers handling our affairs (in partnership with our Operations Director and our Buildings & Grounds Committee) since 2010 – Charley Griffin and his successor Aaron Voboril.

The bad news is that Aaron is retiring at the end of 2017 and there is no “Aaron clone” ready to step in for 2018. Therefore effective with 2018 we will be contracting for a Property Manager, which will cause a significant operating cost increase (current estimate $12,000). That cost increase will require an unplanned increase in our operating assessment level for 2018 and future years [see #2 in the next section].

2018 ASSESSMENT KEY FACTS

1) Our approved assessment plan calls for no increase in the Operations assessment ($171/month = $2,052/year on average per owner) and an increase in two of the three Reserve component assessments. While the Roof assessment remained the same ($27/month = $324/year per owner), the Paint and Project assessments went up as follows: a) Paint – increase from $62/month = $744/year per owner to $67/month = $804/year per owner and b) Project – increase from $45/month = $540/year per owner to $50/month = $600/year per owner. The result is the overall assessment was planned to go from $305/month = $3,660/year on average per owner to $315/month = $3,780/year on average per owner [an increase of $10/month = $120/year per owner].

2) Unfortunately, based on the anticipated significant operating cost increase for 2018 described in #2 in the above section, there will be an unplanned but needed operating assessment increase of $35/month = $420/year on average per owner effective with 2018.

3) Therefore the increase in the total assessment for 2018 will be $45/month = $540/year on average per owner.