2023 BUDGET DEVELOPMENT

Pacific Tower Condominium Association

Final Report December 13, 2022

Finance and Budget Committee
Jon Levant, Will McNamee, Shirley Smith, Keith Schuster, Ray MacPherson, Tom Sanford

Board of Directors
Gary Brackett, President; Danial Dressler, Vice President; Glenda Anderson, Treasurer; David Hamilton, Member at Large; Michael Maring, Secretary

Prepared by Glenda Anderson
PTCA Treasurer

Pacific Tower Condominium Association
2023 Budget Development

ASSUMPTIONS

- Reasonable to use 2022 budget template based on history of success.
- Reasonable to expect minimal assessment delinquencies based on current collections performance.
- Reasonable to expect same level of operating expense adjusted for inflation with the exception of plumbing which is expected to increase due to age and utilization.
- Request CEDCORE Reserve Study for consultation on component useful life and expense. Use Reserve Study recommendations to determine reserve funding.
- Request Finance and Budget Committee review of CEDCORE component useful life and expense.
- Request Finance and Budget Committee review of proposed operating expense.

BUDGET DEVELOPMENT TIMELINE

MAY 2022

May 17, 2022 email to Finance and Budget Committee members to start 2023 budget process. Email to Robert Cheadle to request 2023 Reserve Study.

Robert Cheadle, Sr Project Manager CEDCORE, LLC

253-292-2125 rcheadle@cedcore.com

Yearly study with physical inspection every three years

Site inspection completed in 2021

JUNE 2022

Notify homeowners via June edition of PTCA newsletter that 2023 budget preparation has begun.

June 29, 2022 The 2023 Reserve study is emailed to Finance and Budget committee. Members are requested to review and provide feedback.

2023 Reserve Study Executive Summary

- Interest Rate 1%
- Inflation 3% (Finance and Budget Committee recommends 5%)
- Total Funded Components: 53
- Total Current Costs: $4,970,470
- Projected Reserve Balance: $1,350,487
- Fully Funded Reserve Balance: $2,500,366

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2023 Reserve Study Executive Summary continued

- Current Percent Funded: 54%
- Recommendation: increase reserve funding from current 54% to 70%
- Recommended Annual Reserve Contribution: $212,000

JULY 16, 2022

PTCA Finance and Budget Committee Meeting

Factors that will influence the 2023 budget:

- Possible insurance claim loss
- Possible 2022 budget shortfall
- DISH income start date
- Inflation
- Funding the reserve

Expected 2022 operating loss: insurance claim is making it hard to estimate. Need to see where we are at end of August.

New income source (DISH) will not be included until payments begin.

Reviewed 2023 Reserve Study. Possible 2023 Reserve Projects are Fire Suppression System replacement and Room 107 refurbishment.

Reviewed first draft of 2023 budget.

AUGUST 6, 2022

2023 Budget Homeowner Forum. Homeowners notified via eblast and posted notices

Operating cash has dropped dramatically due to insurance claim expense. As of June 30, 2022 there was $120,077.92 available in operating cash. As of July 31, 2022 there was $54,130.62. The Finance and Budget Committee agreed a minimum of 300% of operating expense is recommended. The 2022 floor for operating cash is $100,500. The committee agreed to wait until August financials are available before deciding a course of corrective action but a 2-year loan from reserves is an option.

Second draft of 2023 budget is reviewed.

AUGUST 12, 2022

Third draft of 2023 budget emailed to Finance and Budget Committee and BOD for review

Recommend waiting until August financials are available to make further modifications.

Pacific Tower Condominium Association
2023 Budget Development

SEPTEMBER 9, 2022

Revised budget sent to Finance Committee and BOD for review.

2023 Budget Summary

- Includes 10.27% increase in homeowner dues
- Includes no loan from reserves
- Includes no DISH income
- Includes $212,000 contribution to reserves
- Includes 5% increase for inflation
- Increases plumbing expense to $20,000 from $5000
- As of August 31, 2022 expecting a $40,000 loss for 2022

SEPTEMBER 19, 2022

BOD discussion

2023 budget approved

November 21, 2022

2023 Budget Ratification Meeting

Homeowners present voiced concern that materials delivered via US Postal mail were inaccurate and mis-leading. Subsequent attempts to correct the materials also included errors. The Management Trust took full responsibility for the errors and stated that the cost for the mailings would be credited.

The 2023 budget was ratified automatically in accordance with state law as less than 51% of owners were present.

Motion made, seconded and approved to roll over funds per IRS Regulation 70-604 into next year's operating funds and reserve.