

GRAY'S POINTE CONDOMINIUM ASSOCIATION
BUDGET NARRATIVE
APRIL 1, 2016 - MARCH 31, 2017

INCOME

Fees - Payments received from unit owners will net \$753,096 for the twelve-month period beginning April 1, 2016 and ending March 31, 2017. The fee chart showing the monthly assessments is attached.

Interest - Earnings averaging 1.0 percent on the funds invested in interest bearing accounts should net approximately \$3,300 over the next year.

Late Fees - Late charges of \$30 per month paid by those who remit their fees after the due date will total approximately \$4,200 for the year.

Pool Memberships - The Association will sell 3 memberships to the Townes of Greenbriar. The total revenue from pool membership sales is estimated at \$900.

Miscellaneous Income - No miscellaneous income is anticipated.

EXPENSES AND RESERVES

Administrative Expenses

Management - The annual contract cost for full service management by TWC Association Management will be \$35,700 for the next year. Services include collecting monthly fees, pursuing delinquent accounts, making disbursements, preparing financial reports, negotiating service contracts, monitoring contractor performance, resolving owner problems, overseeing the operation of the pool, attending Board meetings, organizing and attending the annual meeting, etc.

Management Reimbursement - Covers postage and copying costs for newsletters, community mailings, annual meeting notices, budget information, etc. \$2,220 has been allocated for these expenses.

Legal Fees - This expense covers attorney's fees for the collection of unpaid condominium fees as well as advice on general matters.

Accounting - The Association is required to have an annual audit performed by an independent Certified Public Accountant. Daly, Hamad & Associates is the firm the Association has hired, and they will also prepare the state and federal tax returns for a cost of \$2,700.

Income Taxes - Interest income of \$3,000 taxed at a rate of approximately 5 percent will result in state and federal income taxes of approximately \$120.

Bad Debt Expense - This line item covers funds lost by the Association due to foreclosures and/or bankruptcies when it is not possible to recover money owed to the Association. Losses totaling \$9,000 are expected this coming year.

Web Site Management - The Association's web site is professionally managed by a company called Engagency. The site is updated monthly.

Miscellaneous Expenses - This line item covers expenses for printing payment coupon books, letterhead stationary, envelopes, copying by outside vendors, hiring a recording secretary to take the minutes at meetings, meeting room rental costs, record storage and other incidental expenses.

Common Area Expenses

Electricity - Covers the cost to operate the post lights, hallway fixtures, and baseboard heaters in the thirty-eight foyers. The cost to operate the common area electrical fixtures should be \$20,604 in 2016-2017.

Water & Sewer - Based on consumption over the past two years and rate increases for sewer and water, the allocation for next year will be \$79,260. This is a large expenditure that definitely impacts the budget. Unfortunately, the Board and management have little ability to control day to day consumption and possible waste by unit owners due to running toilets and other plumbing deficiencies in the units.

Landscaping - Included in this category are the seasonal flowers at the entrance to Gray's Pointe as well as the watering that may be needed during dry periods to keep the plants alive. Based on expenditures over the last few years, the allocation will be \$3,600.

Tree Removal/Pruning - This category covers the cost to prune and remove the native and ornamental trees on Gray's Pointe property and fertilize the trees as needed.

General Maintenance & Repairs - This category covers miscellaneous repairs to the common elements. Repair of roof leaks, repairing the interior damage from leaks, fixing balcony problems, cleaning gutters and downspouts, replacing broken foyer windows, diagnosing and fixing common area plumbing problems, addressing drainage issues, repairing dumpster enclosures, replacing signs, etc., are examples of maintenance items covered by this category. These expenses may increase as the project ages. The budget allocation for 2016-2017 is based on actual expenses over the past three years.

Electrical Repairs - This category covers costs to purchase light bulbs, replace photoelectric cells, breaker switches and other electrical supplies as well as pay an electrician's charges for labor to fix the problems.

Irrigation System Maintenance - The Association installed an irrigation system at the entrance in 2008, and Peter's Landscape Services has been hired to maintain the system.

Insurance - The premiums for the master hazard insurance policy with Nationwide, a policy for directors' and officers' insurance, and employee dishonesty coverage will cost the Association \$61,644 in 2016-2017. Premiums continue to increase because of national disasters affecting condominium complexes, not because of claims filed at Gray's Pointe.

Contingencies - This line item will not be funded in 2016-17.

Grounds Contract - Peter's Landscape Services is the new grounds maintenance contractor for Gray's Pointe. Services include mowing, edging, fertilization, weed control, pruning, insect control, liming, leaf removal and mulching. The contract cost for 2016 will be \$42,000.

Carpet Cleaning - The cost to have Service Master clean the foyer carpets every four months is \$4,800.

Trash Removal - Covers fees for trash removal and recycling service by PDS. Services include emptying the five dumpsters on the property four times each week as well as picking up recyclables once each week.

Pest Control - Includes spraying and treating individual units for roaches, ants, silverfish, and mice. Treating the common areas for squirrels, rats, termites and carpenter ants is also covered. As the project ages, these expenses are likely to increase. The budget has been set at \$3,000 for 2016-2017.

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Janitorial - Includes vacuuming and cleaning the thirty-eight foyers, cleaning the grounds, removing trash from the dumpster enclosures, changing light bulbs, and maintaining the mutt mitt stations. Service is provided now by CWR Cleaning Monday through Friday for a cost of \$33,840.00.

Consultant's Fees – The Association may need to hire an independent consultant to provide advice on some aspect of construction or maintenance.

Snow Removal - The current contract provides plowing, sanding and sidewalk shoveling services. Payment is on an hourly basis for service received. Based on historical data and weather predictions, the budget allocation for the winter of 2016-2017 will be \$41,904.

Pool Expenses

Pool Management - The Association has a contract with Atlantic Pools to provide a lifeguard and certified pool operator as required by Fairfax County. Also included in this contract are pool cleaning services, minor mechanical repairs, etc. The cost in 2016 to operate the pool five days per week from Memorial Day weekend through Labor Day will be \$18,834.

Pool Repairs/Maintenance - Electrical work, plumbing repairs and general repairs are covered in this category. Based on historical data, \$6,000 has been budgeted for the 2016 season.

Miscellaneous Pool Supplies - This category covers the purchase of chemicals, cleaning equipment, safety equipment and janitorial supplies for the pool. Based on 2014 and 2015 expenses, \$2,400 has been budgeted for 2016.

Pool Phone – For safety reasons, Fairfax County requires a telephone in the pool house. The cost for the phone is approximately \$600 per year.

Pool Electricity - Electric costs to run the Jacuzzi, pumps, motors, filters, lights and other equipment related to the pool will be approximately \$5,100 in 2016.

Pool Water & Sewer - Based on historical data, expenses for water and sewer for the 2016 season are estimated to be \$2,400.

Pool Permits & Fees – This fund covers the cost to secure the required County permits.

Pool Passes – The Association will spend \$300 issuing pool passes for the season.

Reserves

General - This category includes funding for the eventual replacement of mailboxes, the Gray's Pointe sign, the dumpster enclosures and gates, retaining walls, etc. It also covers drainage and grading work.

Exterior Systems (Painting) - This category includes painting the exterior trim and foundations on all ten buildings and the pool house every four to five years. It also covers power washing the siding on ten buildings for an approximate cost of \$15,000. Based on actual costs to paint in 2013, the annual allocation will be \$27,000. Exterior painting is next scheduled for 2017.

Roofs – The shingles and skylights on all ten buildings and the pool house were recently replaced at a cost of \$495,000. The deficit in the roof fund as of 4/30/14 has been recovered, so the allocation to this account has been reduced.

Gutters/Downspout - This category includes repair and/or replacement of gutters and downspouts as needed.

Asphalt - This category includes funding for resealing and the eventual resurfacing of the parking bays and streets. Resurfacing was completed in 2001, and will need to be done again in 2017 or 2018.

Fence – The Association owns a significant amount of wood fencing that runs along the property lines and around the storm water retention pond. The cost to replace all of the fencing is \$48,000. The existing property line fence will be replaced again in 2020.

Plumbing - This line item covers replacement of the common plumbing as needed.

Concrete - This category includes funding for repair and replacement of sidewalks, curbs, steps and stoops. This work is ongoing and is scheduled as needed.

Wood Trim - This category covers replacement of the wood trim as needed. This work is done when the buildings are painted every four years.

Siding/Masonry - Replacement of the aluminum siding on all ten buildings and the pool house with vinyl siding that was done in 2015 cost the Association \$570,000. This account currently has a significant deficit. The allocation to this account will remain at \$89,760 for the next several years.

Pool Furniture - Repair and replacement of existing furniture is covered by this category. It is expected that \$2,500 will be spent on new furniture in 2016.

Pool - This category includes funding for repair and replacement of the pool plumbing system, motors, pumps and filters plus resurfacing the pool lining and deck as needed. Also included are repairs to the Jacuzzi, bathhouse and its contents.

Landscaping - This category provides funding for the replacement of dead plant material as well as the purchase of new trees and shrubs as needed. A major landscaping renovation is scheduled to begin in 2017.

Carpet - This category provides funding to replace the foyer carpeting and padding periodically. The first carpet replacement was completed in 1993. The carpet will again be replaced in 2016.

Foyers – The interior of the foyers must be painted every five to six years, and a line item has been established to cover this expense. This fund also includes replacement of the foyer heaters and doors.

Lighting/Electric- This category includes funding for additional lighting in the complex and the replacement of light posts and foyer fixtures as needed.

Irrigation – The Association recently installed an irrigation system at the entrance to the complex in order to improve the appearance of that area. Replacement and maintenance will be funded by this reserve account.

Windows & Sliding Doors - The sliding glass doors in the units and window frames in the foyers are the property of Gray's Pointe Condominium Association. The cost to replace all 337 sliding glass doors and the windows in the complex in 2022 will be \$423,563.

Balconies – A fund has been established to cover the cost to replace the front and back balconies as necessary.