

## **JK FINANCE COMMITTEE MEETING - OCTOBER 1, 2014**

### **Present:**

**Betty Latson, Chairperson**

**Dave Beck**

**Barbara Mueller**

**Barbara Fiacchino**

**Dorsey Ruley**

**Jay Owens**

**Susie Geffen**

**Tom Kristufek, Property Manager**

**Eddie Main, Garage Manager**

**The meeting was called to order at 6:35pm**

**Betty noted that the topic of the meeting was to review the draft 2015 operating budget.**

**The Committee first looked at the projected income.**

**Eddie Main spoke about the garage. He presented two scenarios: the first kept resident garage fees the same and the second raised them by \$5. Scenario 1 would likely net the Association \$377,500 while scenario 2 would likely net the Association \$402,000. The committee unanimously agreed that the garage rates should remain the same for 2015. Eddie noted that there was an increase in pay to hikers, and that he had assumed additional overtime because of the anticipated construction work in the garage in 2015. He also assumed a possible decrease in transient parking due to the garage construction. Eddie pointed out that his revenue projections could vary depending on Germania Events and space lost to construction. The group praised Eddie for how well the garage has been running.**

### **Other Income Categories discussed:**

**Bike Room Fee Revenue -it was noted that the number of bikes stored in the bike rooms was down from years past causing lower bike room revenue.**

**Condo Lease Fee Revenue—It was questioned whether this fee should be raised as a deterrent to rentals. Tom Kristufek agreed to check with other Associations to see how the JK current fee compares to other Associations. The level of the fee will be considered at the next finance committee meeting.**

**Health Club Fee Revenue—Memberships appear to have declined somewhat. The number of memberships will be double checked.**

**Scavenger Rebate-It was noted that JK was still receiving a rebate, but that the amount is declining and that it will eventually be phased out by the City in the next few years.**

**As to expenses the Committee discussed the following:**

**Professional Fees- Tom anticipated that professional fees will be substantially lower this year since fewer studies are expected including the lack of an air balancing study among other things in 2015.**

**Bad Debts- shows zero budgeted as the allowance for doubtful accounts of \$35,000 should be adequate for future bad debt.**

**Insurance—premiums declined substantially due to retention of new casualty, liability and D&O carriers.**

**Salaries---there was little to discuss as the salaries and benefits of the union employees are dictated by the union contracts. Tom felt that the Association was properly staffed. An overall 3% increase was factored for office staff. The actual raises will be determined later.**

## **Utilities:**

**Water-** It was noted that in the last few years our water fees have gone from \$100,000 to over \$200,000 primarily because of the dramatic increase in rates by the city.

**Electricity—**the projected budget is based on the Constellation projection calculated on last two years of usage. Since the Association locks in the rate, the open question remains as to the kilowatt hours that might be used. Constellation, management, and the finance committee are working on an appropriate estimate of kilowatt hours.

**Natural Gas—**it was noted that we exceeded budget substantially in 2014, primarily because we used a greater number of therms due to the extremely cold 2014 winter. There was also a substantial increase in delivery fees. John Zissis used a three year calculation to come to a lower budgeted number while Constellation projected a higher gas budget based on a two year average usage. Substantial discussion ensued as to what therm figure to use. Tom is going to do further research on the delivery costs and estimated therms and discuss the findings at the next finance committee meeting. The committee agreed that it seemed that the buildings were being kept too warm in the winter and suggested that we try to control costs to some degree by lowering the amount that the water is heated. Tom will discuss with our building engineer.

**Elevator Maintenance—**Tom inserted figures for a one year contract with Otis. It was noted that the cost for a one year contract was more expensive than the first year of a five year contract with Otis. The consensus of the committee was to execute a one year contract with Otis, due to the current restoration of the freight elevators, and bid out a five year contract in 2015.

**Painting—The budget remained the same. In light of the imminent hall restoration, it was hoped that unnecessary painting could be minimized.**

**Uninsured Losses—the budgeted amount remains at \$35,000 despite the fact that losses in previous years have been substantially higher. Tom felt that the HVAC issue has been resolved and hopefully, this will result in fewer leaks. Discussion ensued about further leaks. Tom will do further investigation of the issue and the committee will discuss at the next meeting.**

**As an ancillary issue to uninsured losses, Tom noted that the building may want to clarify how the costs for leaks are handled by owners and their insurers. It was agreed by the committee that there needed to be a clear policy. Follow up work will occur in this area.**

**Management Fee-undetermined until a management company is selected.**

**Recreation Budget—Betty noted that a board member had requested that the party budget be increased by \$5500 to hold a summer BBQ. While the committee thought a BBQ was an excellent idea, the finance committee unanimously felt it should not be funded by owner assessments. Some suggested selling tickets.**

**Betty noted that the following items would be reviewed by management before the next meeting:**

**Condo Lease Fee**

**Gas and Electricity projections**

**Uninsured Losses**

**Various capital budget items**

**A D&K fee survey of other buildings fees would be presented**

**There will be a follow up meeting to finalize the budget. Betty will contact the committee with potential dates in the next couple of weeks.**

**The meeting adjourned at 8:50pm**