

## Notes on the 2012 Budget

Depending on which index you look at, the inflation rate in the United States (as reported by the U.S. Bureau of Labor Statistics) for October 2011 was 3.5%. This is down from a seasonally adjusted high of 3.9% in September. We all feel the pinch at the gas pump and in the grocery store as prices for goods and services continue to rise. The Property Owners Association (POA) staff is also sensitive to these increased costs for fuel, parts and maintenance supplies.

Along with all of you, the POA is also going to face the 7.8% increase in electricity being imposed by the Gunnison Valley Electric Association. We will be seeing increased costs for electricity for the POA office, street lights and lighting at the park.

It also appears CB South will see another year with no new construction. The staff is anticipating another year with new construction consisting of a few fences, a few decks and a couple of sheds. The architectural review fees for these types of projects do not generate much income for the POA. In past years (when new home construction was thriving) architectural review fees generated as much as \$18,000 in revenues for the POA. For 2012 we are projecting \$500.

Another challenge the POA staff faces is the collection of delinquent dues. In most years, the majority of property owners pay their property owners dues well in advance of the March 1 deadline. However, there are approximately 3%-6% of property owners that are in arrears or making payments for many months of the year. The POA staff spends many hours writing letters and filing the paperwork necessary to collect these funds. Three to six percent may not sound like much; however, it amounts to \$7,000 to \$14,000 of budgeted funds that are not available to spend on community operations and maintenance. A 3% increase in dues basically compensates for the uncollected revenue from the previous year.

Crested Butte South POA and the Crested Butte South Metro District provide the community with a number of amenities and services that are normally provided by a town government. Can you imagine what life in CB South would be like without Red Mountain Park, Sunset Hall, the hockey rink, the community garden, the bike paths, the community bikes, cross country skiing or the postal facilities? Amenities the community desires and the Board and staff are currently working on are: improved cell phone service; enhancing fisherman access to the East River; creating a bike path from CB South to town; and, bus service to the ski area.

All of the amenities the community enjoys also have a useful life. Bluntly, things wear out. A portion of your annual dues are placed in a capital replacement fund called the Reserve Fund. The Reserve Fund sets aside money to replace community assets as they wear out and eliminates the need for surprise special assessment no one budgets for. A perfect example is the Zamboni. The Zamboni is a 1974 model. Last year when the Zamboni broke down the POA office fielded numerous phone calls from people angry

there was no ice to skate on. At some point we need to replace the Zamboni with a newer, more reliable model.

Article 9, Sections 1 and 2 of the Crested Butte South Property Owners Association Bylaws (attached to your deed and posted on the community web site) authorizes the Board to collect an annual “maintenance fee.” This fee “may be adjusted from year to year by the Association (the Board) in its absolute discretion as the needs of the Association may require; but in no event shall any increase exceed 10% without the affirmative vote of a majority of...the owners.”

The Board of Directors and the POA staff do our best to provide a high level of community maintenance, high quality amenities and a high quality of life within the limits of our budget. Please keep these things in mind as the Board deliberates on and adopts the 2012 budget.