



Special Assessment to Cover the Costs of Storm Clean-up Update

Background:

In early January 2022 the Glenmore community was hit with an unprecedented winter storm. The effects of this storm left many of us without power for several days and did an extraordinary amount of damage to our community. Looking back at recent budgets, the GCA has never spent more than \$5,000 for storm clean-up in any year. We budgeted \$5,800 for all of 2022. Last March, we reported to the community the cost of the storm clean-up was \$78,140, or \$72,340.00 over budget. Since then, additional cleanup work in the amount of \$12,345 has been identified that increases the estimated total cost of cleanup to \$90,485. Please refer to the attached "May 1, 2022, Storm Cleanup Forecast, shown below, for a detailed breakdown of the preceding totals. *These costs are for work done, or to be done, to clean-up the GCA common areas. They do not include any funds to clean-up residents' property.*

At the working meeting of the Board on May 5, 2022, the Board discussed the feedback received from residents regarding the special assessment and introduced a motion to reallocate the \$20,000 budgeted from the GCA Community Celebration to the Storm Cleanup budget line. The motion was unanimously approved via an email vote of the Board.

Options:

The GCA Board needed to decide how to pay for the unbudgeted costs of cleanup from this storm. The treasurer evaluated the following the options for consideration by the Board.

1. Do nothing at the present time. The Board would wait until closer to the end of the year to see if other line items in the budget have a favorable variance and cover all or most of the cost overrun in the storm clean-up line item.
2. Closely look at the 2022 budget now and cut from other line items to cover the cost overrun.
3. Borrow enough funds from a bank to cover the cost overrun and pay it back over a period of 3–5 years.
4. Pay the cost overrun out of capital reserves.
5. Approve a special assessment to the residents in an amount sufficient to cover the cost overrun.

Last year the GCA Board carefully evaluated the 2022 operating budget and capital reserve budget. It was determined by third-party engineering firms that our capital reserves were significantly underfunded. To bring the reserves back into balance the Board decided the fairest and best way to achieve this would be to increase the annual assessment to residents by 10% each year until 2027. The Board scrutinized each line item in the 2022 operating budget to ensure its accuracy and necessity.

With the foregoing backdrop the treasurer evaluated each of the above options to pay for the storm damage cleanup:

Options 1 and 2 are quite similar in that they require a reallocation of specific identified budget line items to cover the cost overrun. The difference is only when the reallocation takes place, now or closer to year end. Given how carefully the Board evaluated each operating expense and approved the 2022 budget these options are not fiscally sound. In simple terms we're 'robbing Peter to pay Paul.'

Option 3, borrowing sufficient funds from a bank has the unintended consequence of delaying the GCA getting its capital reserves back into balance. In addition, this option comes with an additional cost, the interest rate on the loan. In simple terms, we're kicking the can down the road.

Option 4 is similar to Option 3 only we borrow the funds from the capital reserves to pay the operating cost overrun presumably without an interest charge. Again, this option delays the GCA getting its capital reserves back into balance and potentially requiring extending the 10% increase to the annual assessment for an additional year or two.



Option 5, a special assessment on the residents to cover the cleanup costs is the most straightforward approach in that (i) it doesn't impact the 2022 budget by requiring line-item reallocations either now or later in the year and (ii) it allows us to get our capital reserves back in balance in the shortest possible time. To cover the cost overrun detailed above would require a special assessment of \$85.00 - \$90.00 per household (less than \$8.00/month).

Recommendation:

Given the feedback we have received from a number of residents and the need to carefully evaluate potential budget line-item adjustments to cover all or a portion of the costs of storm cleanup the treasurer recommends a combination of Options 1 and 5. At the Special Meeting of the Board on April 7, 2002, the Board voted to approve a Special Assessment "up to \$85.00" per Member, to be collected on December 1, 2022, subject to approval by the Members at a Special Meeting of the Glenmore Community Association to be convened in at later date. This allows the Board sufficient time to evaluate the 2022 operating budget and determine if there are any favorable variances in the 2022 budget that could offset the amount of the special assessment.

The Glenmore Community Association Board of Directors voted unanimously to approve the following resolution:

Resolution for the April 7, 2022, GCA Board Meeting

Motion to Approve a special assessment in an amount up to \$85.00 per property owner to cover the costs of the storm cleanup to be due and payable on December 1, 2022, subject to an affirmative vote of the Members of the Glenmore Community Association.

On April 21, 2022, the Board of Directors approved a motion to convene a Special Meeting of the Membership for the sole purpose of voting to approve or deny levying a Special Assessment on all Members to cover the costs of storm cleanup. The meeting will be conducted virtually and be convened at 7:00 pm, June 2, 2022.



May 1, 2022 Storm Cleanup Forecast

Scope	Amount
Clean-up completed and paid through April 2022	\$52,685.00
Invoices received by not paid	\$0.00
Work completed but not invoiced	
None at this time	\$0
Work with firm estimate to complete but not started	
R-C1 - Adjacent to 3515 Wedgewood	\$2,000
R-C1 - Stumps need to be removed	\$300
M-C1 - Tree removal Piper Pond	<u>\$1,850</u>
	<u>\$4,150</u>
Work to be completed	
S2- C2 - Glen Lochen Pond area	\$800
Q2-C1 - North side of Newbridge	\$1,000
Q2-C2 Common area off of Farringdon	\$1,600
P2B-C1 - Queenscroft Trail	\$1,800
P2B-C1 - Common Area off Thistle Down	\$800
Q2-C2 Bluebird Trail	\$6,000
Carroll Creek Trail	\$4,000
Pendower Trail - East of Newbridge up to 2487 Pendower	\$1,650
Clean up of Debris dumping area due to overflow	\$1,000
Glenmore Farms trails- Scope unknown	<u>\$0</u> *1
	<u>\$18,650</u>
Storm Clean-up cost estimate for Jan 3rd storm	\$75,485.00
Spring Cleanup of Limbs and Branches Differential	\$14,000.00 *2
Additional Storm Damage in 2022 (unknown)	
Total to Complete Known Scope	\$90,485.00

*1 These trails are currently closed. They have been walked and are passable, so no monies included.

*2 This is the result of the additional Limb and Branch clean up due to the storm. It is not booked against Storm Clean up but will result in an significant overrun of the Leaf and limb removal in 2022.