

SAN LORENZO HOMEOWNERS ASSOCIATION

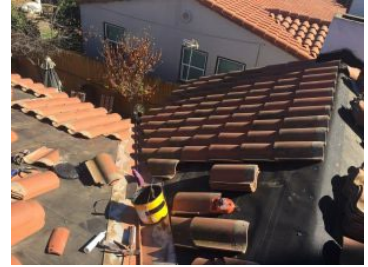
COMMUNITY NEWSLETTER OCTOBER 2022

CONTACT INFORMATION FOR OWNERS & TENANTS NEEDS TO BE UPDATED

The San Lorenzo Community Association's community management company -- StoneKastle Management -- needs owners to update contact information for both owners and tenants. In the last several months, there have been incidents in the San Lorenzo Community that required the community manager to contact a unit owner and, in some cases, a tenant in a unit. Contact information for the owners involved was out of date and was not available for tenants. Please verify and update your contact information – especially if there have been changes with StoneKastle.

ROOF REPAIR COSTS ADDITION TO RESERVE PRIMARY DRIVER OF 2023 BUDGET INCREASE

Over the last year, the San Lorenzo HOA Board has engaged a roofing engineering company to conduct an examination of building roofs to help understand why there have been so many leaks over the last 16 years. During the study, the engineering firm noted that the Association's Reserve did not include replacing the felt weatherproofing material that typically lasts about 25 years and recommended that it be funded.



The Association sought a price estimate for replacing the underlayment on the 46 community buildings through the contractor working the roof study for the engineer. That estimate, along with an older estimate provided by a different company, were provided to the Reserve Study analyst to establish current baseline costs for the community in the Reserve funding requirements. The increase over 2022 in this one Reserve line item is \$8,903 per month or \$106,836 per year. This represents a \$58.57 per unit per month increase in the 2023 budget.

If all 46 buildings were required to have a roof tile lift and relay completed now, the repair liability to unit owners is approximately \$11,757.89 per unit. The Board is adding the roof weatherproofing and flashing replacement to the Reserve to ensure significant roof repairs can be accomplished from the Reserve without a special assessment to unit owners. The latest destructive testing completed by the roof engineering team recommends replacing at least one building roof now because of non-recommended material and installation procedures during repairs to the roof and the use of roof construction materials in 2005 that went out of industry use in the 1980s. This roof will cost significantly more to repair than a tile lift and relay to replace weatherproofing as new plywood will have to be installed at least in some tested areas in addition to replacing the felt underlayment and flashing.

The Reserve has never been funded to make this repair – but will, internal to the Reserve – fund the repair from the Reserve funds and rebalance the Reserve for the 2024 fiscal year. This is one of the primary causes for the level of annual assessment increase in 2023.

COST REDUCTIONS TO REDUCE BUDGET INCREASE MADE IN 2022 & PROPOSED FOR 2023

For the San Lorenzo Community Association's 2022 fiscal year, significant changes to operating procedures and the changing of contractors drove the operating budget costs down significantly. The Association eliminated three AT&T telephone lines for an annual cost avoidance of more than \$3,873 per year. An internet line was eliminated for a savings of more than \$780 per year. The pool vendor service was recompeted and reduced annual costs by more than \$3,800. The Association stopped filtering and heating the pool and spa during closed hours at a savings of more than \$1,200 per year. For 2023, the Community Clubhouse cleaning contract was recompeted at a significant cost savings.

For the 2023 Operational Budget, the Association's treasurer and management team will ensure repairs that should be from the Reserve are charged to the Reserve and not included in annual operating expenses. However, this will not be enough to bring the assessment increase required down to the maximum level allowed by the State. The cuts will be evident in the budget provided to Association members. The following items will require elimination from the operating budget because they are no longer affordable: Holiday Lighting, Patrol Service, Storm Drain / Catch Basin Cleanout, Street Sweeping, an Operational Contingency Fund, and an Association Social. These cuts also will not

SAN LORENZO COMMUNITY NEWSLETTER OCTOBER 2022

bring the expenses to a level equal to the assessment. The Association's 2 & 1/2 month cash flow will be impacted since expenditures will exceed revenue for the 2023 budget year.

INVESTMENT RETURNS IMPROVING – HELP FUND THE RESERVE

The Federal Reserve Bank has been raising interest rates over the last year and this has led to an improved Reserve investment return on funds. Although the projection for 2022 was for a dismal \$6,000 return on more than \$2,000,000 in Reserve holdings, the FED's rising interest rates will improve the ROI in 2023 to more than \$36,000. This will help reduce the Association member funding requirements slightly in the future. For 2023, more than half of the draft assessment budget funds the Reserve.

ASSOCIATION INSURANCE RENEWED FOR OCTOBER 2022 to 2023

The San Lorenzo Community Association master insurance policy was renewed at a cost increase of 24 percent for the October 22-23 insurance period. This 24% increase is reflected in the 2023 Operational budget section. The Association was fortunate to be renewed as many community associations in southern California and the southwest are unable to be renewed and having challenges obtaining coverage. Although competitive price quotes were sought, the firms declined to write coverage because of brush clearance – a term that loosely means wildfire loss threat concerns.

COMMUNITY WORK IN PROGRESS

SHEET METAL FLASHING – The Association's engineering consultants on the galvanized sheet metal flashing construction defect repair will be working with potential contractors to evaluate all 46 buildings at San Lorenzo Community for the 14 failure modes identified in the sheet metal failure study. Contractors will be requiring access to Plan 1 courtyards and all backyards to evaluate the number of each failure typed on each building to enable a response to the contract RFP. Contractor scoping sessions for observing and counting the failure types will occur October 4th through 6th. Owners and Tenants are requested to facilitate access to these areas to enable competitive contractor bidding for the repair work.

STREET REPAIR – The first step of the immediate street repair work has completed September 19th. Areas with significant damage or cracks were removed and replaced with new asphalt. The next phase – the crack fill, slurry seal, and restriping will occur October 17, 19, and 21 unless there is rain in the forecast. No one will be permitted to drive on the newly seal coated streets until cleared by the contractor. The notice for the work may be found at:

<http://myhoa.com/sanlorenzo/documents/misc/2022asphaltrepairnotice.pdf>



STEEL FENCING REPAIRS AND PAINTING – The Association's contractor for the steel fence repair and repainting project is working to complete the internal community fences. Some owners still have not removed plant material or snake or rabbit fencing in the areas to be completed. This is slowing down the work. Information on the project may be found at: <http://myhoa.com/sanlorenzo/documents/misc/2022wroughtironrepairsnotice.pdf>

San Lorenzo HOA Board Meetings Tuesday October 11th & Monday November 14th at 7:00 PM

The San Lorenzo Community Board of Directors invite Association members to attend the monthly Board of Directors meeting at the Community Room in the Clubhouse. The Board's meeting is also available on Zoom. Members are given an opportunity to provide information, comments, or concerns to the Board during the Open Forum time in the meeting. See posted Agendas at <http://myhoa.com/sanlorenzo/agendas.htm>

IF YOU SEE A CRIME BEING COMMITTED CALL YORBA LINDA POLICE SERVICES

Sheriff's Non-Emergency Dispatch: 714-647-7000 *provided by Orange County Sheriff's Department*

San Lorenzo HOA Board of Directors:

Lillian Franklin, President
Bob Carson, Vice President
Richard Williamson, Treasurer
Jessie Jones, Secretary
Robert Powers, Member at Large

StoneKastle Community Management

Christie Alviso, Community Manager: christie@stonecastle.com
Kassandra Marquez, Assistant: Kassandra@stonecastle.com
Darien Reyes, Accounts Receivable: Darien@Stonecastle.com
StoneKastle Management Office:
22722 Old Canal Rd., Unit B, Yorba Linda, CA 92887 714.395.5245
Community Website: www.myhoa.com/sanlorenzo