

Subject: Draft 2016 Budget for 111 E Chestnut Condominium Association
From: 111 Chestnut Manager <111chestnutmanager@sudlerchicago.com>
Date: 09/28/2015 03:38 PM
To: 111 Chestnut Manager <111chestnutmanager@sudlerchicago.com>



September 28, 2015

Dear Homeowner:

We are pleased to present our Association's proposed budget for 2016. Homeowners are provided at least thirty days to review the budget and submit any questions or comments before the Board ratifies it. Please direct your written communication regarding this subject to our Property Manager, Ms. Sara Rudnik.

We expect to approve this budget at the October 29 Board meeting. A homeowners' meeting will be held in connection with that Board meeting for you to ask any questions or to provide comments.

The Board's goal in developing the budget was to balance reasonable assessments with the operational and capital needs of our building. Accordingly, a 3% assessment fee increase is proposed for next year. This will help to offset some of the legal fees and hallway renovation expenses we expect to incur next year.

The budget includes \$1.1 million in funding to our reserve account, which covers capital projects, debt repayment and any operating overages. The Board believes that no special assessment will be required now or in the foreseeable future.

The primary capital project this year was the installation of aesthetically appealing hallway soffits to conceal life safety upgrades required by the City of Chicago. A significant amount of reserve funds were also used for debt repayment. By year end we expect our debt to be about \$500,000 lower than it was at the start of the year.

In 2016, the primary capital project will be hallway refreshment including paint, wallpaper, carpeting and ultimately, lighting fixtures. The budget also shows full debt repayment by the end of 2016. We may elect to postpone complete debt retirement until mid-2017 if this allows us to proceed with our upcoming hallway renovation project in a more cost-effective manner. By the end of 2018 our reserve account balance is projected to exceed \$1.5 million dollars and grow at a healthy pace after that.

We believe that the sound fiscal strategy outlined in this budget will enhance our building's status, value and appearance. By working in concert with our competent management team from Sudler, we intend to secure your investment as a premier Gold Coast residence.

Sincerely,

111 E. Chestnut Condominium Board of Directors

Sara

Sara H. Rudnik, CMCA, AMS
Property Manager
111 East Chestnut Condominium Association
111 East Chestnut Street
Chicago, Illinois 60611
P: 312-649-9600 F: 312-649-9034
<http://www.111echestnut.org>
[emailto:111chestnutmanager@sudlerchicago.com](mailto:111chestnutmanager@sudlerchicago.com)

Named Management Company of the Year by the Institute of Real Estate Management, *time after time....*



Come Home To Excellence

SUDLER PROPERTY MANAGEMENT

John Hancock Center
875 N. Michigan Ave., Ste. 3980
Chicago, IL 60611

T 312.751.0900 F 312.751.1730
www.sudlerchicago.com

— Attachments: —

2016 budget summary distributed 9-28-15.pdf

170 KB

111 EAST CHESTNUT CONDOMINIUM ASSOCIATION

2016 BUDGET DRAFT

Fiscal Year: 2016 (January 1 through December 31)

<u>BUILDING INCOME</u>	2015 ANNUAL BUDGET	2015 ESTIMATED ACTUAL	2016 BUDGET	x Variance	
				\$	%
Account Description					
3000 Assessment Income	3,373,305	3,373,302	3,474,504	101,199	3.0%
TOTAL ASSESSMENTS	3,373,305	3,373,302	3,474,504	101,199	3.0%
3480 Cable	214,000	210,168	229,216	15,216	7%
3490 Internet	102,000	100,320	102,336	336	0%
3500 Labor Charges	15,000	6,684	7,000	(8,000)	-53%
3580 Bicycle Room Rental	6,000	5,500	5,500	(500)	-8%
3600 Locks & Keys	7,200	4,000	4,500	(2,700)	-38%
3610 Lock Out Fees	5,000	5,890	5,280	280	6%
3690 Pet Fees	6,000	5,200	4,500	(1,500)	-25%
TOTAL UNIT CHARGES	355,200	337,762	358,332	3,132	1%
3700 Operating Interest Income	75	90	75	0	0%
3750 Hospitality Room Fees	8,000	6,950	7,000	(1,000)	-13%
3830 Late Charges	14,000	15,500	15,500	1,500	11%
3860 Violation/Fines Income	500	2,100	500	0	0%
3910 Transfer Fees	9,000	9,000	9,000	0	0%
3930 Move In/Move Out	23,000	26,000	54,000	31,000	135%
3950 Legal Chargeback	20,000	12,000	15,000	(5,000)	-25%
3960 CAM Recovery	43,500	41,000	40,800	(2,700)	-6%
3970 Antenna Rent	34,156	34,156	34,836	680	2%
3980 Rubbish Rebate	11,100	11,221	8,394	(2,706)	-24%
3990 Miscellaneous Income	1,000	100	0	(1,000)	
TOTAL OTHER REVENUE	164,331	158,117	185,105	20,774	13%
TOTAL INCOME	3,892,836	3,869,181	4,017,941	125,105	3%

BUILDING EXPENSES

PAYROLL EXPENSES

Account Description	2015 ANNUAL BUDGET	2015 ESTIMATED ACTUAL	2016 BUDGET	Variance \$	Variance %
4020 Management Staff	131,000	\$138,824	142,080	11,080	8%
4050 Engineer	73,511	\$72,572	74,847	1,336	2%
4070 Janitors	467,488	448,042	472,998	5,510	1%
4100 Doormen's Salaries	281,817	281,576	332,960	51,143	18%
4410 FICA Expense	67,921	67,140	78,251	10,330	15%
4420 Federal Unemployment Tax	1,008	997	1,050	42	4%
4430 State Unemployment Tax	8,249	6,500	10,232	1,983	24%
4500 Employee Apartment	12,728	12,300	12,156	(572)	-4%
4600 Health Insurance (Non-Union Employees)	24,240	14,537	15,240	(9,000)	-37%
4620 Union Benefits- Janitors	123,780	131,766	125,228	1,448	1%
4630 Union Benefits- Doormen	56,669	73,000	89,357	32,688	58%
4710 Workers' Compensation	38,862	37,373	40,041	1,179	3%
4800 Uniform Cleaning	10,200	9,130	9,000	(1,200)	-12%
4810 Uniform Purchases	2,500	2,500	3,500	1,000	40%
TOTAL PAYROLL	1,299,973	1,296,257	1,406,940	106,967	8%

UTILITIES		2015	2015	x		
		ANNUAL BUDGET	ESTIMATED ACTUAL	2016 BUDGET	Variance	
Account Description					\$	%
5000	Electricity	165,581	152,629	155,559	(10,022)	-6%
5100	Gas	145,834	115,796	72,460	(73,374)	-50%
5200	Water	148,980	162,422	162,004	13,024	9%
TOTAL UTILITIES		460,395	430,847	390,023	(70,372)	-15%

BUILDING SERVICES

Account Description						
6000	Cable/ Internet Contract	342,744	325,803	331,504	(11,240)	-3%
6010	Elevator Maintenance Contract	33,000	34,000	35,400	2,400	7%
6020	Exterminating	11,000	6,000	10,851	(149)	-1%
6040	Scavenger	15,000	16,500	17,086	2,086	14%
6060	Compactor/ Chute	6,660	7,070	12,120	5,460	82%
6200	Pagers / Radio	1,500	1,000	1,500	0	0%
6210	Security System	22,000	20,000	7,000	(15,000)	-68%
6250	Fire Protection	8,000	12,000	12,000	4,000	50%
6300	Metal Maintenance	12,600	12,500	10,000	(2,600)	-21%
6320	Window Washing	18,270	11,600	18,129	(141)	-1%
6360	Landscaping	10,000	11,000	11,000	1,000	10%
6375	Stone Maintenance	10,920	10,848	11,212	292	3%
6380	Snow Removal	1,500	2,000	2,000	500	33%
6400	Loading Dock Maintenance	23,000	18,000	3,000	(20,000)	-87%
TOTAL BUILDING SERVICES		516,194	488,321	482,802	(33,392)	-6%

REPAIRS AND MAINTENANCE

Account Description						
6520	Equipment Repairs	2,500	2,500	2,500	0	0%
6540	General Building Repairs	30,000	50,000	44,000	14,000	47%
6570	Cleaning Supplies	12,000	14,000	14,000	2,000	17%
6580	Maintenance Supplies	40,000	43,679	45,000	5,000	13%
6620	Infrared Testing/ Electrical Repairs	1,400	1,400	1,400	0	0%
6630	Lamps and Bulbs	20,000	19,000	15,000	(5,000)	-25%
6650	Plumbing Repairs	20,000	20,000	20,000	0	0%
6680	Elevator Repair/Non-contract	14,000	33,000	14,400	400	3%
6700	Paint/Decorate	8,000	10,000	10,000	2,000	0%
6840	Glass/ Windows	5,000	2,000	5,000	0	0%
6940	Roof Repairs	4,000	4,000	4,000	0	0%
6950	Plumbing/ Sewer Drain Repairs	6,000	5,800	15,000	9,000	150%
6985	Misc Operating/ Special Projects	15,000	10,000	10,000	(5,000)	
7000	HVAC Contract	9,754	914	15,442	5,688	58%
7010	HVAC Repairs	30,000	30,000	27,000	(3,000)	-10%
7360	Pool Repair & Maintenance	4,800	5,500	18,500	13,700	285%
7480	Health Club	11,100	10,000	11,100	0	0%
7885	Revenue Share	3,420	3,420	3,484	64	2%
TOTAL REPAIRS & MAINT.		233,554	265,213	275,826	42,272	18%

	2015 ANNUAL BUDGET	2015 ESTIMATED ACTUAL	2016 BUDGET	x Variance	
				\$	%

GENERAL & ADMINISTRATIVE

8000	Management Fee	70,678	69,735	70,800	122	0%
8070	Temporary Help	5,000	5,100	6,000	1,000	20%
8120	Office Equip Repairs	2,000	1,500	2,000	0	0%
8150	Bank Charges	3,900	3,924	3,924	24	1%
8200	Misc. Administrative Expense	5,000	9,000	7,000	2,000	40%
8210	Office Equipment	15,400	8,500	11,000	(4,400)	-29%
8220	Office Supplies	4,000	5,000	5,000	1,000	25%
8230	Copier & Printing Expense	4,000	4,500	4,500	500	13%
8240	Postage & Delivery	7,500	7,500	8,000	500	7%
8280	Bad Debt	30,000	0	0	(30,000)	-100%
8300	Audit Fees	6,700	6,900	7,000	300	4%
8320	Legal Fees-Association	20,000	80,000	30,000	10,000	50%
8330	Legal Fees - Units	22,000	14,000	15,000	(7,000)	-32%
8335	Legal Fees- Related to Brian Connolly Lawsuits	10,000	18,000	14,000	4,000	0%
8380	Consulting Fees	4,000	8,000	4,000	0	0%
8400	Inspection Fees & Permits	12,000	12,000	12,000	0	0%
8420	Telephone	11,500	11,600	9,580	(1,920)	-17%
8500	Activities	2,500	2,500	2,500	0	0%
8570	Membership Fees	1,300	1,300	1,300	0	0%
8720	Insurance Deductible	10,000	10,000	10,000	0	0%
8700	Insurance	126,585	118,499	125,979	(606)	0%
TOTAL GENERAL & ADMINISTRATIVE		374,063	397,558	349,583	(24,480)	-7%
TOTAL OPERATING EXPENSES		2,884,179	2,878,196	2,905,174	20,995	1%
NET OPERATING INCOME / (LOSS) BEFORE RESERVES		1,008,657	990,985	1,112,767	104,110	10%
8980	Reserve Funding	1,000,000	1,000,000	1,100,000	100,000	10%
TOTAL EXTRAORDINARY		1,000,000	1,000,000	1,100,000	100,000	10%
NET INCOME / (LOSS)		8,657	(9,015)	12,767	4,110	47%

RESERVE FUNDING

Account Description	2015 ANNUAL BUDGET	2015 ESTIMATED ACTUAL	2016 BUDGET	x Variance		
				\$	%	
9000	Funding of Reserves	1,000,000	1,000,000	1,100,000	100,000	10%
9020	Reserve Interest Income	1,000	850	1,000	0	
TOTAL RESERVE INCOME		1,001,000	1,000,850	1,101,000	100,000	10%

RESERVE EXPENSES

9100	Loan Principal	\$0	\$500,000	\$716,539	716,539	
9110	Loan Interest	31,141	31,141	21,130	(10,011)	
9150	Bank Fees	0	0	0	0	
9200	Elevator	25,000	25,000	0	(25,000)	
9225	Hallway	400,000	450,000	0	(400,000)	
9245	Dog Run	0	0	0	0	
9255	Concrete Repairs	0	0	0	0	
9280	North Deck Renovation	0	0	0	0	
9305	Domestic Plumb Riser Replacements	0	0	37,000	37,000	
9620	Hospitality Room	0	0	0	0	
9630	Carpet/Paint Hallways	0	0	480,000	480,000	
9650	Compactor Enclosure	0	0	0	0	
TOTAL RESERVE EXPENSES		456,141	1,006,141	1,254,669	798,528	175%
RESERVE INCREASE / (DECREASE)		544,859	(5,291)	(153,669)	(698,528)	

Note: Our reserve balance is expected to be approximately \$300,000 at the ends of both 2015 and 2016.