Victorian Condominiums

6200 Riverside Drive

Metairie, LA 70003

504-885-5775

victorian6200@gmail.com

Date: November 27, 2024

Subject: Notice of Condo Fee Increase

Dear Condo Owners,

We hope this letter finds you well. The Victorian Condominiums Association remains dedicated to maintaining the quality, safety, and integrity of our community while managing operational costs responsibly. However, due to significant increases in expenses such as property insurance premiums, utility rates, and general cost-of-living adjustments, we must implement an increase in monthly condo fees.

Effective January 1, 2025, a one-time fee increase of 22% will be implemented in two phases to facilitate a smoother adjustment. The first phase, an 11% increase, will take effect on January 1, 2025, followed by an additional 11% increase on March 1, 2025. This staggered approach is intended to make the transition to the updated fees more manageable.

This adjustment is necessary to meet the financial demands of maintaining and improving our shared property, as well as addressing critical repairs and upgrades throughout the community.

Important Note for Building 14 Owners:

We acknowledge the unique challenges faced by owners in Building 14 due to ongoing reconstruction efforts. As such, owners in Building 14 will be excluded from this fee increase until:

Sheetrock installation is completed.

Necessary inspections are finalized.

A 60-day grace period is provided, starting from the date each owner is notified of the finalization of Victorian's responsibilities for the completion of the reconstruction work.

We understand that any fee increase may be challenging, and we appreciate your patience and understanding as we work together to navigate these rising costs. If you have any questions or need further clarification, please feel free to contact the management office.

Thank you for your continued support and cooperation in helping us enhance our community.

Sincerely,

Victorian Condominiums Management and Board of Directors

Victorian Condo Association

2024-2025 Budgetary Review

Performed by: Property Management and the Condo Association Board

Introduction:

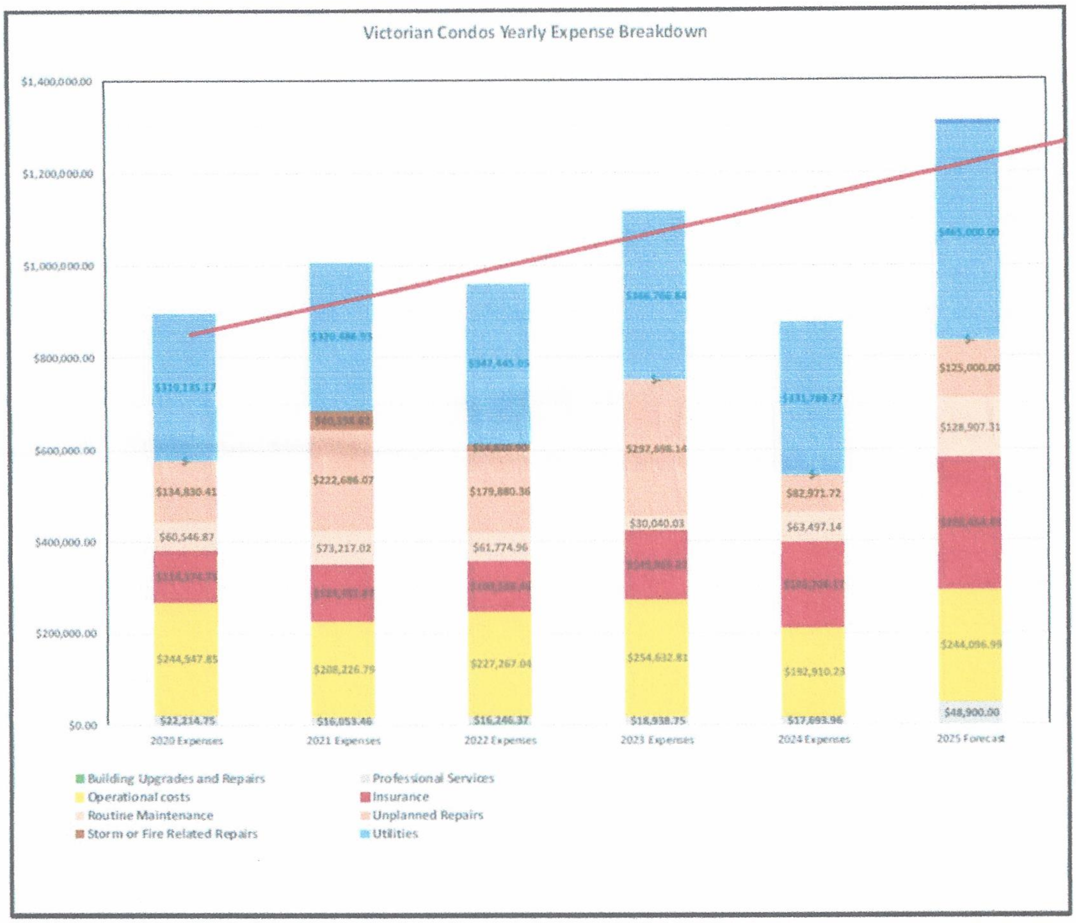
The current property management began in January of 2024. The property management working in conjunction with the Condominium Association Board has been focused on improving the quality of the property. Due to the sudden and unaccounted-for increases in the cost of goods and services caused by record high inflation rates, management and the board have performed an in-depth review of historical expenses. The purpose of this review was to identify any potential cost saving opportunities and to predict a budget estimation for the year 2025. This report is to provide transparency to this process and to achieve alignment with all the owners as we continue to identify future cost-saving opportunities.

Budgetary Review:

A budgetary review of all year-end expenses from 2020 to the year 2023. Year-to-date expenses as of September were used for the 2024 data. All expenses were categorized into one of the major categories shown on the table below. Finally, a 2025 budget was created using the historic increases, extrapolation of the 2024 data to the year end, and considering any currently implemented cost savings efforts. A couple of notable items in the 2025 forecast are the drastic increase in insurance and utilities throughout the years.

Major Category	2020 Expenses	2021 Expenses	2022 Expenses	2023 Expenses	2024 Expenses	2025 Forecast
Building Upgrades and Repairs	$ 505.00	$ 2,000.00	$ 4,000.00	$ -	$ -	$ -
Professional Services	$ 22,214.75	$ 16,053.46	$ 16,246.37	$ 18,938.75	$ 17,693.96	$ 48,900.00
Operational costs	$ 244,947.85	$ 208,226.79	$ 227,267.04	$ 254,632.81	$ 192,910.23	$ 244,096.99
Insurance	$ 114,574.75	$ 124,352.87	$ 109,508.46	$ 149,865.27	$ 186,708.17	$ 288,464.43
Routine Maintenance	$ 60,546.87	$ 73,217.02	$ 61,774.96	$ 30,040.03	$ 63,497.14	$ 128,907.31
Unplanned Repairs	$ 134,830.41	$ 222,686.07	$ 179,880.36	$ 297,698.14	$ 82,971.72	$ 125,000.00
Storm or Fire Related Repairs	$ -	$ 40,398.62	$ 14,820.90	$ -	$ -	$ -
Utilities	$ 319,135.17	$ 320,486.93	$ 347,445.05	$ 366,766.84	$ 331,789.77	$ 465,000.00
Savings	$ -	$ -	$ -	$ -	$ -	$ 10,000.00
Total Expenses	$ 896,754.80	$ 1,007,421.76	$ 960,943.14	$ 1,117,941.84	$ 875,570.99	$ 1,300,368.73

The annual expenses for each of the years have been graphically displayed to provide a visual account of the increase in expenditure. On this graph the data used for the year 2024 only account for year-to-date expenditures as of the end of September 2024. Management and the Association Board have set an aggressive budget is estimated to raise the condo fees 22% in 2025. The increase in condo fees does not generate the 2025 forecasted expenditure and is estimated with the red line on the bar graph. The board and management have planned cost savings potential that will be implemented to attempt to balance the remainder.



Currently Implemented Cost Savings:

Since January of 2024, management and the Board have enacted several cost saving plans, that have accounted for approximately $35,000 per year in savings. These savings were directly attributed to changes in security, telecommunications, and pool maintenance and upkeep.

Future Cost Saving Opportunities:

(Reduction of Utility Costs)

It is evident that expenses related to utilities (water, gas, and electricity) make up a large portion of the budgeted expenses. Unlike many of the other categorical expenses that we have very little to no influence over, utility usage is one that the owners and occupants share some influence on how much usage we experience. Starting immediately, Management and the Board had resumed rigorous inspections of each unit on the property. These inspections are focused on any safety related issues and utility conservation (water and electricity usage). The process of inspection has just begun, and we have found several instances of waste due to improper maintenance or neglect of the unit. In these cases, the owners have been notified of the deficiency and provided a date on which the repairs must be completed for reinspection.

After the initial inspection of every unit on the property, there will be planned periodic inspections ongoing to eliminate waste.

(Reduction of Electricity Costs)

The board has been performing cost analysis to compare a complete chiller replacement or central air conditioning and heating installations throughout the property to reduce the electricity usage and to potentially eliminate the need for the existing boiler system for heating. This study is currently ongoing, however there is a need to move to a more cost-effective means of heating and air conditioning as the current model of window AC units are extremely inefficient and the water runoff from the condensation has caused a lot of damage to walkways and structures that will need to be addressed in the future.

(Property Utilization)

The board along with management are trying to generate additional revenue to offset some of the increase in costs. This is planned to be achieved by putting historically "dead" units back into service and by ensuring the best usage of the current property. There are several "dead" units going through the legal system currently. It is a long process in some cases that results in no possible way to put the unit back in service. We have been successful with one unit that is set to go to sheriff's sale in the first quarter of 2025. We are hopefully that we can get at least two units back in service this year.

Conclusion:

The property management and condo association board have a long-term goal of improving conditions on the property, increasing the value of the property, and upgrading the aesthetics. This goal will benefit the owners as well as the occupants of the property. A critical component of being able to achieve this goal is to be fiscally responsible in how any money is spent on the property. A rigorous review of past years expenditures has recently been performed to attempt to forecast a 2025 budget that is corrected for the excessive inflation that has been experienced over the last several years. This review has also been used to highlight areas to focus our efforts to reduce current spending levels. The results indicate that a 22% increase in the current level of condo fees will be required with additional cost savings and increased revenue generation to meet the 2025 budgetary goals. These goals are based on assumptions of unplanned and planned repairs that have quite a bit of uncertainty.