



PETRINI PLACE NEWSLETTER - September 2020

FUTURE BOARD MEETINGS

Please note these are tentative dates. Final dates will be posted per HOA rules: minimum 4-day notice before general meeting and minimum 30-day notice before annual meeting. Due to changes in California law, the process for scheduling meetings and holding certain votes requires new and extended time frames and procedures. Unfortunately, this will push our annual meeting into early next year. More details will be mailed to owners. Until further notice, meetings will be held by ZOOM video conferencing.

MONDAY, SEPTEMBER 28, 2020 (Regular Board Meeting – tentative)

THURSDAY, OCTOBER 29, 2020 (Regular Board Meeting – tentative)

THURSDAY, JANUARY 7 or 14, 2020 (Annual meeting – tentative)

COVID-19

Petrini Place will continue to comply with the city of San Francisco's guidelines. Most notably this includes keeping our gym and common room closed indefinitely, social distancing and wearing masks in the public areas of our property, and more frequent cleaning of commonly touched surfaces.

INCREASED PROPERTY SAFETY AND SECURITY

The board authorized a trial of additional night security patrols from Patrol Special Private Security, Inc. Over the last three months, the trial contract with PSPS provided two nightly exterior checks and one nightly walk-through of our property including the commercial garage. They also responded to on-site guard calls between 7pm and 5am seven nights a week. PSPS is authorized to physically remove non-residents from the property and has done so numerous times. This service is in addition to our evening guard service in the main office.

The primary benefit of this additional service is that PSPS will physically and immediately remove non-residents from the property. Previously, our night security (who is not authorized by their employer to confront non-residents) could only call and wait for a police response (even if a crime were occurring). Now they can call PSPS for immediate help. A secondary benefit is that by not allowing encampments to start, we should no longer have expensive cleaning bills for removal of graffiti and hazardous drug waste. It might also reduce theft on our property.

The board decided that this added security has been highly effective, low cost and will be continued for one additional year. Based on the savings from not cleaning up encampments, the additional cost should be negligible on our budget. We have also added several cameras to monitor locations where we have had encampments, allowing us to respond to events even more quickly.

For problems on the property during evening hours, continue to notify the night guard in the main office. If anything is immediate and life-threatening call 911. Any trash or maintenance issues should be reported to Jeff Kremsdorf.

And as always:

1. *Never let anyone through a locked door unless you know them, or they show their key fob.*
2. *Don't "buzz in" delivery people – meet them at the front entry, as they can inadvertently let others in.*
3. *When exiting a garage, wait outside the gate until it fully closes before driving away.*
4. *Don't prop exit doors open for contractors or movers. All repeated entries must use a key or a key fob.*
5. *Remind guests who leave the property unescorted, not to let others in as they exit.*

MAINTENANCE & IMPROVEMENTS

This past year we have completed several major projects including painting and rust removal, wood shingle replacement on most south facing walls and replacement of fence caps on all wood fencing.

However, there are several opportunities ahead that could provide our association with significant energy rebates, ongoing energy and maintenance cost savings and higher reliability. These projects include 1. Replacing common area lighting with high efficiency LED lights and 2. Replacing the aging hot water boilers and hot water storage tanks. In addition to an immediate rebate, after installation our electricity and gas usage will be reduced and we will be able to save on annual maintenance.

However, the up-front costs for these projects are not provided for within our current budget and within the timeframe to receive the substantial energy rebate.

The board is evaluating the various costs, installation proposals, overall return on investment and will soon present this information to the association for feedback. In general, we might incur more immediate, slightly higher association costs to obtain long lasting savings and reliability.

The board is sensitive to HOA fee increases and financial situations that the pandemic has caused. However, the rebates are time sensitive and by not considering these opportunities, we will inevitably have higher costs going forward. The association will have the opportunity to provide input and participate in the decisions.

QUESTIONS OR CONCERNS ABOUT OUR PROPERTY?

For general community discussion:

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For issues specifically for the board to address:

- Email boardmember@petriniplace.com
- Attend the HOA meetings and discuss them during the open session.

For emergency, maintenance, or security:

Bay West Property Management

- EMERGENCY RESPONSE 415-445-2132 or during Office Hours 9-5, M-F 415-345-1270
- Non-emergency: Association Manager - Colin Lynch clynch@bwpm.com

Building Manager - Jeff Kremsdorf

- M, Tu, Th, F 8:30am-7pm OFFICE 415-931-6423 or MOBILE 415-902-2883 (business hours only)

Building Security

- 9pm-8am daily 415-535-4785

We are also in the process of updating the Petrini Place website that will contain more useful resources.



PETRINI PLACE NEWSLETTER - October 2020

BOARD MEETING INFORMATION

- *Per HOA Rules notice of at least 4-days are given before any general board meeting*
- *Per HOA Rules notice of at least 30-days are given before the annual meeting.*
- *Board minutes are reviewed and approved at subsequent board meeting*
- *Newsletters will be distributed when significant information to distribute and/or after board meetings*
- *Until further notice, meetings will be held by ZOOM video conferencing (meeting ID and Password are emailed).*

Future Scheduled Board Meetings

THURSDAY, OCTOBER 29, 2020 6:30pm (Regular Board Meeting – tentative)
THURSDAY, JANUARY 7 or 14, 2021 6:30pm (2020 Annual meeting – tentative)

COVID-19, HEALTH AND SAFETY OF OUR PROPERTY

- Petrini Place continues to comply with the city of San Francisco's most current guidelines.
- MASKS are still required anywhere on the property other than in your unit (see notices in elevators and lobby).
- The Board has decided that unfortunately, we must continue to keep our gym closed even as commercial gyms start to reopen. Given our small square footage, lack of required ventilation, no budget for staff to clean, monitor and enforce policies, it is necessary to keep closed until the city lifts current gym restrictions. We have considered numerous options, all which require significant costs. We appreciate everyone's understanding and cooperation.

MAINTENANCE & IMPROVEMENTS

This past month we successfully replaced failing gutters throughout our property.

COMMUNICATIONS BETWEEN THE BOARD, PROPERTY MANAGEMENT AND THE HOA

We will continue improve and increase communications to our members through timely notices from Jeff (Building Manager), official HOA communications from Colin (Bay West Property Management), the Petrini Place Newsletter, and posted notices around the property. We are also working on aggregating all of our HOA documents in a central repository for easy access to members. We encourage members to attend Board meetings and vote on issues, to provide feedback and participate in the decisions which affect our community.

SECURITY

Our new security service with nightly patrols continues to be highly effective. As always if you notice any issues please notify the proper entity. Any trash, maintenance or general issues should be reported to Jeff Kremsdorf. For problems during evening hours, notify the night guard in the main office or dial the emergency response numbers. If anything is immediate and life-threatening call 911. See additional info at end of newsletter.

And as always:

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4. *Don't prop exit doors open for contractors or movers. All repeated entries must use a key or a key fob.*
5. *Remind guests who leave the property unescorted, not to let others in as they exit.*
6. *If you see something not right, please report it immediately, the safety of our community depends on everyone.*

2020 BUDGET UPDATE

Our 2020 budget continues to improve and as of the end of August we are **\$28k under budget**. Being under budget has helped our balance sheet and we continue to reduce our operating deficit. The deficit at the end of 2019 was \$100k, by the end of 2020 it should be at or near zero. Although overall under budget, we have seen a specific increase in our water and sewer costs (about 22%), most likely due to more residents working from home.

For our property of 134 units, total 2020 budget was set at **\$1.338 million** which included **\$1.040 million** for operating expenses and the remainder for our reserves. The 2020 budget included an HOA fee assessment increase of **7% over 2019**.

2021 DRAFT BUDGET

The Petrini Place HOA budget is primarily funded by each unit's monthly HOA Fees (we share some common expenses with the commercial space, not a significant compared to our HOA expenses). The budget covers:

- **Annual Expenses** (cleaning, management, utilities, general maintenance, grounds keeping, fire and security)

Each new budget assumes a general increase in these expenses. Some we have little or no control over such as utilities and property management. Other expenses are for services we all have come to expect and appreciate as part of our community, such as security, landscaping, cleaning, and the gym. Our goal is to have a well-maintained property along with the necessary services to keep the value of the community consistent.

- **Reserve Contributions** (money accumulated for future, scheduled and required maintenance projects)

The HOA Reserve Account is the association's "savings account" for future known expenses (e.g. the recent shingle replacement and painting). The reserve balance fluctuates as we pay for projects and as monthly contributions are added.

The benchmark for the health of a Reserve Account is the "percent funded". A 100% funded Reserve Account would have all the money needed to pay for all future projects. As this is not practical, we contribute and pay as we go trying to maintain a level that allows us to pay for expected and unexpected projects.

As of 1/1/2021 our balance as a percentage of ideal balance will be 43% (we will have \$523,000 vs an ideal balance of \$1,200,000). It is recommended that the percentage funded should be greater than 70% to be considered "strong". Therefore, in order to build our reserves, we will be increasing the reserve contributions by 3% in 2021. Again, this reserve account is funded from HOA Fees.

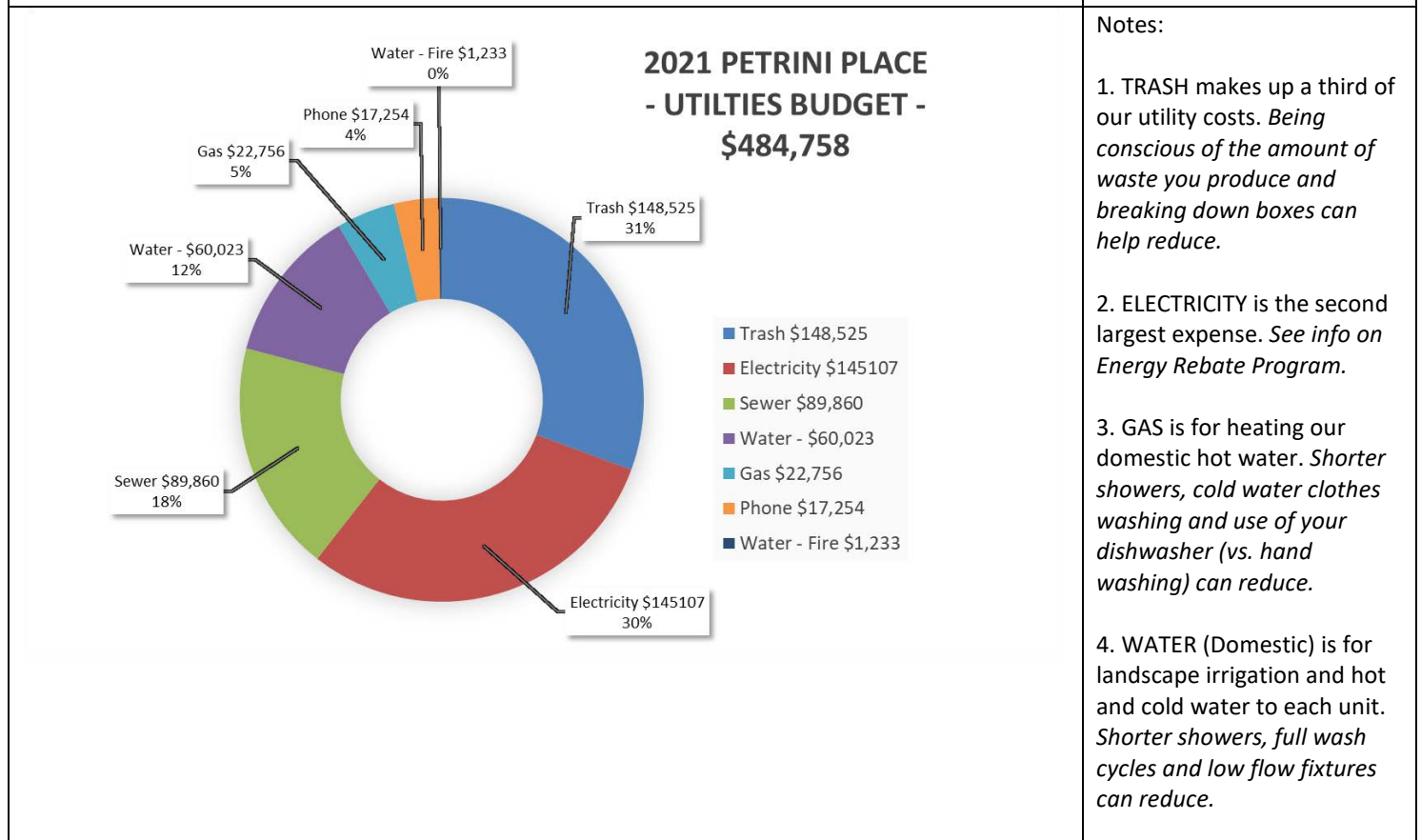
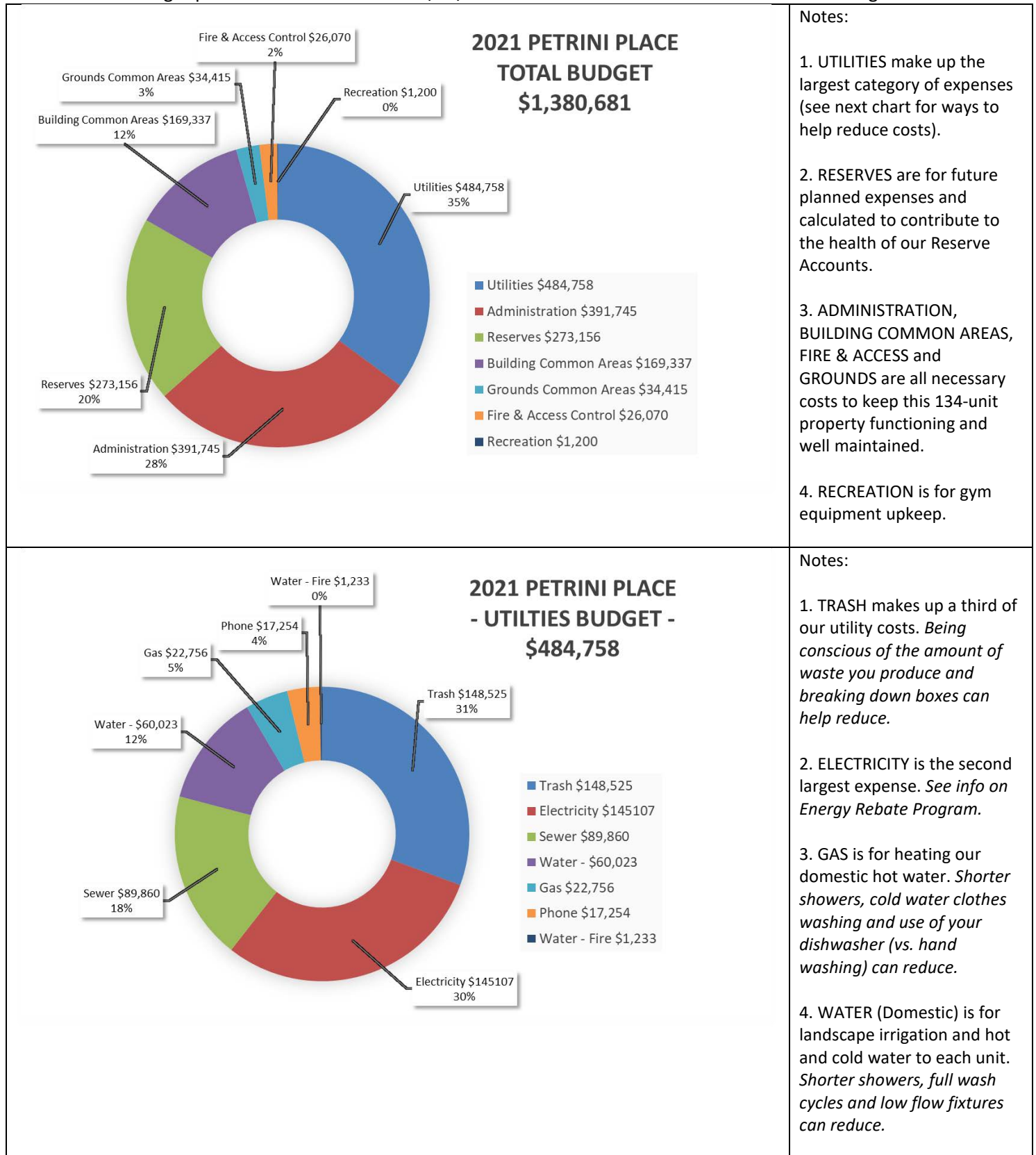
The 2021 budget is calculated and designed to cover all Annual Expenses, increase the Reserve Contributions (add to Reserve Account balance), and keep a small positive balance in the operating fund (money to pay monthly bills). A small positive balance helps with cash flow, bill payments, and any unanticipated expenses.

To facilitate these goals, the 2021 budget includes an **HOA Fee assessment increase of 3%** over 2020. **This is the smallest increase in the last 6 years**. During COVID-19, downturn in general economic conditions and loss of income, the Board is particularly sensitive to HOA Fee increases and unnecessary spending. The board believes this 3% increase is essential to improve our financial health, preserve property values and provide necessary services.

See next page for a visual breakdown of expenditures.

2021 PETRINI PLACE HOA DRAFT BUDGET CHARTS

Based on draft budget presented to the Board on 9/28/2020. Final numbers will be reflected in final budget.



ENERGY REBATE PROGRAM

The Energy Rebate Program has been discussed over the past year as a way for our HOA to receive a **\$100,000 REBATE** by reducing our energy footprint. To qualify and receive, we must perform projects yielding a minimum energy savings based on the size of our property. The two specific projects that will achieve this requirement are:

1. Accelerating replacement of our **hot water boilers** (which are less efficient and are scheduled for replacement in several years) and the **hot water storage tanks** (which have leaked and are scheduled for replacement). Costs to replace boilers and water tanks are already accounted for in the reserve studies. If we wait until scheduled replacement dates, replacement costs could be higher, and there is no guarantee will last until then. This part of the rebate project will cost approximately **\$150,000**.
2. Replacing our existing, fluorescent lighting with **high efficiency LED lighting**. Replacing the lighting will save electricity AND eliminate the high annual maintenance cost of existing fluorescent lighting bulb and ballast replacements. This part of the rebate project will cost approximately **\$111,000**.

Note that the lighting upgrade is a new project for Petrini, and not planned for in the reserve studies. However, the savings would more than pay for the cost to replace the lighting within 4 years (breakeven point for the lighting project, without any rebate or doing the boilers). After the break-even date, new lights will be paid off, and we would see lower electrical bills and have no maintenance fees that we have now.

By doing the boiler & hot water tank and lighting replacement together, we qualify for the **\$100,000 REBATE**.

PROJECT FACTS AND COST SAVINGS:

1. Final cost to the HOA would be about **\$219,000** after the rebate (includes contingency of 20% above the \$150k and \$111k costs – if the contingency isn't all needed, actual cost would be lower).
2. Calculated total energy savings are about **\$40,000 per year**, for the first **five years** for a total of **\$200,000** (*and would continue as energy costs rise*).
3. Ongoing energy savings could permanently reduce the operating budget by **3% per year going forward**.
4. Calculated maintenance savings on the lighting alone is about **\$12,500 per year, every year going forward**.
5. Reducing operating costs in our budget should allow us to increase our reserves faster. And accelerating the boiler and water tank replacement will remove those items from the reserve forecast yielding a higher funding percentage once projects are finished.
6. With the rebate, energy savings and lighting maintenance eliminated, this project would be **completely paid for after 4 years** (breakeven point) and savings would continue thereafter.

This is an opportunity to have a more efficient, less maintenance-burdened property with a significant reduction in our energy usage. It would benefit future budgets, translating into potential lower HOA fee increases. From a cost and energy saving perspective, this project and rebate is a “no-brainer”.

However, funding the \$219,000 now (which is what the boilers alone might cost to replace in the future, which will have to be done) is a difficult and complex decision. We are investigating all available options including using the existing reserve fund balance, special assessments, bank loans, increase in HOA fee or a combination.

The Board and Bay West are sensitive to the current economic conditions as well as the historical increases in the association fees. We are tasked with balancing the current operational needs of Petrini Place with opportunities that could benefit us in the long term.

The Board supports the continuation of this project which includes applying for the rebate (done), obtaining quotes (in process) and determining if/how to fund (beginning process now). We will communicate progress and decisions points to the HOA regularly and in discussions during future board meetings.

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For packages:

Packages delivered by UPS, USPS, FEDEX, FOOD BOXES, etc. are either delivered to the supply room (next to front office) or the Lobby depending on time of day and staff availability.

The lobby is cleared of packages daily. Small packages are generally moved to upstairs package rooms every weekday where you can access yourselves. Larger packages can be retrieved from supply room during office or security hours.

The HOLIDAYS are fast approaching and this year we anticipate even more deliveries as people continue to work from home. PLEASE, make every effort to track and retrieve your packages as soon as delivered to ensure sufficient room and easy management of all deliveries.