

## ***A Note from Your Sunset Harbor Resort Board of Directors***

### ***2024 Maintenance Dues***

Your Board of Directors would like to further explain the increase in our 2024 maintenance dues.

The \$340 increase, from the 2023 dues, is based upon both inflationary resort-based operational costs and the necessity to address various structural and other reserve repairs, replacements and upgrades.

Specifically, \$115 is attributed to increases in operational expenses such as insurance rates (up 46 percent over the 2023 rate); utilities; housekeeping; worker wage grade; general repairs and maintenance; and other costs. \$225 is tied to reserve projects; some of which have structural integrity implications. In the aftermath of the Surfside condominium collapse in Miami, the State of Florida has recently enacted landmark legislation for maintaining the structural integrity of condominium and timeshare properties. Agencies charged with implementation and enforcement responsibilities will more clearly identify items requiring formal inspections for possible repairs/replacements. As a result of these actions, reserve budgets will need to earmark funding for structural integrity items.

Regarding reserve funding, the Board prioritizes projects when associated with your health and safety. At the same time, we must be mindful that our resort structure is thirty (30) years old; and situated in a marine salty environment which has endured several indirect hurricanes over the years.

Following a certified structural engineering inspection, a companion report noted that several outdoor support beams and pillars had wood rot deterioration needing immediate replacement. The initial work

scope cost estimate was \$299K. However, as the construction contractor peeled back the onion behind side walls and panel coverings, the deterioration was found to be more extensive. As a result of these further discoveries, the final cost for replacements/repairs was about \$600K; double the original estimate. The Board was also made aware of several balcony wood railings that had deteriorated over the years. We decided to replace all Gulf facing balcony railings with maintenance free aluminum railings at a cost of about \$190K. In addition, replacement parts for our two elevators are becoming harder to find. The Board decided to modernize our elevator hydraulics and other parts to conform with today's standards at an estimated cost of \$400K. Other reserve projects we approved included replacement of all bed mattresses (8 years of use) that now include bed bug coverings; replacement of pool furniture; upgrading our pool lighting and sound systems; and repair and painting our exterior property iron fence. At the same time, the Board received inspection reports from certified roofing inspectors as well as our insurance company that noted our roof has exceeded its life expectancy and needs either complete replacement or significant refurbishment. The cost of a new metal roof is estimated to be over \$1 million. (The Board decision for a refurbished roof or new roof will be made in the Spring 2024). We are also working with an interior designer to upgrade much needed interior unit furniture, flooring and draperies.

To fund these reserve projects, we must build upon our existing funds to accommodate current and future projects with the understanding that many of these projects may have unexpected cost overruns. We will keep you informed as more information is gathered concerning these major reserve projects and our decision-making on behalf of the Association owners.

Please be aware that your Board members are also *all* Sunset Harbor owners. We always have our Association's best interests at the forefront of our decision-making and in support of your needs for a safe and enjoyable vacation experience.

Kind Regards,

Board of Directors