

30 HEATHER STREET, PARNELL, AUCKLAND 1052

BODY CORPORATE No. 349938

REPORT OF THE CHAIRMAN AND BUILDING MANAGER TO THE AGM – OCTOBER 2023

Introduction

This is our report to apartment owners for the 12 months to end August 2023.

Health and Safety (H&S)

There are no significant H&S issues to report. Items of note include:

- Building security – isolated incidents of non-residents entering the building, apparently getting lost and knocking unexpectedly on apartment doors looking for assistance. First time visitors should be escorted in and out of the building. Everyone needs to be mindful of tailgating.
- CCTV – three more cameras installed, increasing coverage to nine in total. Four of the existing cameras were upgraded.
- Exterior lighting – upgraded, enhancing security and also the look of the building at night.
- Garage gate locks – having had a break-in a few years ago, we obtained a quote for installing locks to provide additional security. The Committee took the view that a cost of \$10k/gate was not justified.
- Fire alarm – residents receive a warning message by text on the day of the monthly alarm test.

This month we will be re-appointing *HSNZProtect* to independently assess our H&S risks and to offer guidance on mitigation. Their last assessment was in 2018. This covers the common areas only, not individual apartments.

Building maintenance and improvements

Planned and reactive maintenance has taken place in the year. The availability and responsiveness of contractors has sometimes caused delay.

Exterior:

- Annual building wash, including touch-up painting, was carried out by abseilers (year three of a seven year contract). Anchors on the roof for abseiling now require annual testing and certification at an extra cost of \$800 + GST p.a.
- The severe weather events in early 2023 caused a few minor leaks, but otherwise the building stood up well. Inspecting and fixing window leaks is expensive due to the need for specialist access equipment.

Interior

- Chorus installed fibre in March 2023, offering ultra-fast broadband for all apartments.
- The front entrance has been improved with plants and air freshener in the lobby and repainted entrance doors, creating a good first impression on entry.
- There have been occasional lift breakdowns, though these have always been swiftly resolved under the terms of our maintenance agreement with Schindler.

Long Term Maintenance Plan (LTMP)

The Committee ensures that we adhere to a robust, planned maintenance programme, thereby minimising the shocks of unplanned maintenance. Our current plan was prepared independently by

Plan Heaven in 2021, covering the period to 2031. New legislation requires that LTMPs now be extended to a 30-year period. The Building Manager knows the building best. In the next few months, he will work with Plan Heaven, the Committee and the Body Corporate Manager in updating and extending the current LTMP.

Items programmed for 2023-24 include a new intercom system and a replacement fire panel. The former was brought forward when the old system failed. At \$22.8k it was a significant investment, approved by special resolution of a majority of owners in August. It was successfully installed in the first week of September. We have a quote of \$28.6k for the new fire panel. The existing panel has been well maintained and the Committee has taken the view that this spend can be deferred for at least 12 months.

Cost estimates for each upcoming year will be reviewed and updated for inclusion in the budget for that year. We will also include a 10% contingency sum to cover unexpected spending and to allow urgent works to proceed promptly without the need for an EGM or special resolution of all owners.

Finances

The end of year position showed total funds of \$166.3k, comprising a surplus of \$12.2¹k in the Working Account, a Contingency fund of \$55.6k and a closing balance in the LTMP fund of \$98.5k, as per the existing Plan. The Committee recommends that the Working Account surplus be moved to the Contingency Fund.

We manage and control routine expenditure tightly. In the year to 31st August 2023, Working Account expenditure was 6% less than budget. The most significant recurring features of the Working Account are repairs and maintenance (R&M), the annual insurance premium, the Building Manager's fee, the Body Corporate Manager's fee (administration and secretarial services) and utilities.

- R&M in 2022-23 came in at \$18k, 40% below budget. We are however recommending that the budget remains at \$30k in 2023-24.
- The building valuation (allowing for demolition, reinstatement and inflation) has again increased in 2023, to \$25.8m (+6%). Our insurance premium has increased by a similar amount to \$39.3k (2022: \$37.1k). This is a good outcome. We were anticipating a more significant increase, given the particular issues relating to 30 Heather Street, the lack of competition in the local insurance market and current insurance market trends. This outcome was after we accepted First Street's recommendation to appoint PCS as our insurance broker, replacing BWRS whose service had been unsatisfactory. Two insurers were approached and provided quotes. We have renewed the cover with Vero. The terms of our policy have also been revised to ensure that the excesses are appropriate.
- The Building Manager's fee is unchanged at \$33.6k. It was increased by 5% in 2022.
- First Street's fee as Body Corp Manager has been maintained at last year's level (\$11.8k).
- We have assumed electricity, water and rubbish collection charges will increase slightly, in part to allow for the Council's roll out of the green waste collection service (giving a total of \$8,550)².

¹ There was in addition an outstanding credit of \$0.9k due to some funds being paid in advance.

² During 2023 we appointed Rubbish Direct to take over the collection of rubbish and recycling from the Council. A better service at lower cost was on offer. However, the promised exemption from Council charges did not materialise because of new Council policy, leaving us with a higher cost than previously. In reverting to the Council service we were however able to negotiate an improved service. This process cost the Body Corp around \$1k.

We are recommending a further \$55k contribution to the LTMP Fund, in line with the existing Plan.

The proposed increase in owners' levies for the year to 31st August 2024 is 4.1%.

Owners and residents

The Body Corp issued a breach notice to one apartment following several incidents of unacceptable behaviour by a tenant who is now no longer resident.

We introduced the "*What's happening?*" newsletter this year to keep everyone aware of activities this year. We think this sort of communication helps to build a sense of community.

During the year, two apartments changed hands. Of the 21 units, 12 were owner occupied at the end of the period. It is the tenanted properties that generally create most work for the Building Manager. We rely on letting agents³ briefing tenants correctly, but this doesn't always happen. We ask owners to choose tenants carefully. We continue to believe that short-term tenancies such as those offered by Airbnb are inappropriate for our building, principally because of the increased security risk that they present, leading to higher insurance costs.

Our Rules are issued to all new owners and tenants along with a document entitled "Things you need to know". These documents are updated from time to time. The latest versions are available to all owners through the First Street information portal <https://www.firststreet.co.nz>

Committee

We would like to express our thanks to our Committee Members, several of whom have given their time over many years to ensure the Body Corporate operates effectively. We encourage and welcome owners to join the Committee, especially owner-occupiers. It is not an arduous role, but it is an important one.

We are also grateful for the support and guidance provided by First Street as Body Corp Manager. They provide us with a very good service.

Outlook

Parnell remains an attractive location and a great place to live. We have a duty to preserve and, as far as possible, to enhance our building so that we remain competitive. Planned maintenance and upgrades will continue and at a cost. We are always likely to face unexpected demands for repairs and maintenance. The cost of insurance seems to be rising inexorably. Our aim is to ensure that 30 Heather Street is a wonderful place to live; and that apartment ownership represents a sound and attractive investment.

Richard Cuthbert
Body Corporate Chairman

Craig Bong
Building Manager

11th October 2023

³ The Body Corp can advise owners and recommend letting agents – companies that know the building and who employ experienced staff.