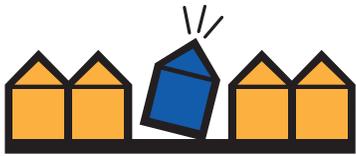


WHAT'S NEW?

a PUBLICATION to INFORM & ENTERTAIN | December 2012



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Featured Article: Water Cost Increases Un-Earthed

By Matt Lupkes – Property Manager, New Concepts Management

In recent years every municipal water consumer saw increases in costs due to the conservation rates that were implemented all across the country. Experts agree that these increases are just the beginning, and that regular increases should be expected across the country. Municipalities are already proving them right in the area of the supply of water.

Today's utility prices are grossly misleading and unreasonable and because of that, the costs will continue to rise. This is something that essentially everyone can

for buried drinking water infrastructure in the United States totals more than \$1 trillion between now and 2035. The need will double from roughly \$13 billion a year today to almost \$30 billion (in 2010 dollars) annually by the 2040s, and the cost will be met primarily through higher water bills and local fees..."*

The only way to help limit the impact on the user is by conservation. However, even water conservation will not address the cost of replacing the water infrastructure. So, what should a Homeowners Association also be aware of?



**Matt Lupkes – Property Manager,
New Concepts Management**

agree upon. So, what can people expect? More specifically, how can Associations adapt?

In the area of water costs an increase of 5-15% is becoming the norm. In a recent poll conducted by USA Today, municipalities across the country reflected these large increases. In fact, of 100 municipalities polled, one in four have seen water rates double in the last 12 years. The increase in costs, are due to two primary factors...rising operational costs and the cost of replacing aging infrastructure.

Most utility costs do not include the upgrade or replacement of infrastructure. Ask yourself, when was the last time that you saw an infrastructure surcharge on a water or electric invoice? Chances are, you haven't. In San Francisco and Atlanta, they have. Since 2001, their water rates have increased 211% and 233% respectfully, due to necessary system upgrades.

San Francisco and Atlanta are not alone. A recent study by the experts at the American Water Works Association states, "The massive investment needed

An Association's Utility Infrastructure: The Hidden Replacements:

Homeowner Associations need to consider their own water infrastructure. Many Homeowners Associations do not consider the cost of replacing their water and sewer systems or are unaware that it is an expense to which they will incur. After all, it is not an element that is visible and is almost always therefore out of mind. However, as Associations age, the cost of these replacements become more evident in form of water main breaks or a sewer backup. Water main breaks often exceed \$20,000 per break and can quickly reduce an Associations Reserves. To complicate matters further, most reserve studies do not include these systems because the anticipated life span is over 30 years. Homeowner Associations are expected to age more than 30 years, so at some point, budgeting for these elements is critical. There are expenses that will be incurred, whether it is anticipated or not.

Associations can address its own rising water costs and aging water infrastructure challenges by being educated and pro-active. Here are some things for Association Boards and Managers to consider...

Conservation:

Consider reducing waste by having routine unit to unit plumbing inspections that check for running toilets, shower diverters that allow water to pass through, and dripping faucets. If the Association is paying the water bill, it is unfair to expect all the owners to pay for the wastefulness of some.

Make improvements to irrigation systems that include a rain sensor and conservative run times.

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What's in the News?

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Getting it Right the First Time! (continued from page 1)

If your Association is old enough that the original toilets were not the lower 1.6 gallon flush, consider an Association wide toilet upgrade. In larger Associations, this is a quick way to slow rising Association fees due to increasing water costs.

Infrastructure:

Learn what elements of the infrastructure are to be maintained by the Association from the plat, Declaration, or from the municipality.

Realize that the cost of replacing plumbing infrastructure is inevitable, regardless of the size.

Have the sanitary sewer inspected and cleaned on a regular basis.

Avoid water shut off replacements, if the Association is responsible for the

valves known as curb stops, by having them exercised regularly so that they are operational

Keep a history of maintenance or repairs. Identify problem areas, and formulate a plan, even if it spans multiple years to obtain necessary reserve amounts. (Ground conditions often deteriorate underground piping prematurely.)

As the replacements or repairs need to be made, know your options for improvements. An example would be... to replace the waterline that runs into the building with a polyurethane waterline versus a soft copper replacement if replacement was necessary.

Consider the cost of the excavation. If a repair to a utility requires excavating, it is wise to consider any long term repairs

while the elements have been exposed in order to avoid paying restoration costs multiple times.

* The full study of the American Water Works Association titled "Buried No Longer" can be viewed at <http://www.awwa.org/Government?Content.cfm?ItemNumber=1062&navItemNumber=58521> ■

FREE SUBSCRIPTION

If you are receiving this newsletter for the first time and would like to start receiving this free publication, or would like to know more about any of the services offered by New Concepts Management – give us a call at 952-922-2500 and ask for Lori.

Free On Line Webinars – For December & January!

Classes run between 30-60 minutes. You can register anytime right up to the start of any seminar by going to www.webinar.com. Select the "Join a webinar" button; and you will be guided through the registration process. To register you will need to supply your e-mail address and identify the seminar you wish to join by typing in the 9 digit I.D. # assigned to each class below. Here are our upcoming offerings:

"Selecting a Contractor" – Tues. December 11th, 2012 from 7-8 p.m. I.D. # 825494534. Is it always as simple as going with the lowest price? How do I know if the project is really being done correctly? If problems arise, how do I get a contractor back to fix any problems? – Instructor Paul Roth, Executive Vice President of New Concepts Management.

"Understanding Generational Differences in Your HOA" – Wed. January 9th, 2013 from 7-8 p.m. I.D. # 834619214. Every generation has a set of shared cultural experiences that filter how they relate and communicate to others. Learn how values and expectations have changed from those growing up during the Great Depression, the Baby Boomers, the Gen X'ers and the Millennial's and how that can affect how everyone gets along. – Instructor Gene Sullivan, President of New Concepts Management.

"How much do homeowners really need to know?" – Mon. January 21st, 2013 from 7-8 p.m. I.D. #768559062. From time to time boards find it necessary to hold what's called the Executive Session. When is it prudent to hold back information from the members of the association? What responsibility does the board have in communicating to its members? – Instructor Gene Sullivan, President of New Concepts Management. ■

The 10 reasons why it would be so cool to be Santa.....

- 10. You'd never be expected to make the coffee.**
 - 9. You don't wake up asking yourself "What should I wear to the office today?"**
 - 8. You could grow a gut the size of Guam and it would be considered a job requirement.**
 - 7. One black belt and you're accessorized for life!**
 - 6. No one would dare ask for a ride to work.**
 - 5. You'd never grab the wrong coat on your way out the door.**
 - 4. There'd be no need to play office politics; one hearty ho-ho-ho reminds everyone who's boss.**
 - 3. Age discrimination wouldn't be an issue.**
 - 2. You'd be guaranteed the best chair in the office.**
- And the number #1 reason it would be so cool to be Santa.....*
- 1. No more trips to the vending machine.....you'd just snack on milk and cookies all day (FOR FREE!)**

Home Savings Store

Resources, products and services available at special pricing for our homeowners and subscribers. To take part in any of these specific offerings, please contact our Home Savings Store Coordinator Lori Madson at 952-224-2663 and ask her for full details.

Home Appliances & Cabinets

We are happy to add to our list of preferred vendor relationships – All Inc. Everything you need in appliances, cabinet and counter top refinishing and/ or replacement and all at prices that can't be beat. Call Coordinator Lori Madson at 952-224-2663 in order to receive the New Concepts special pricing.

Furniture, floor coverings and more!

In our efforts to expand the very best in products and services we are happy to include HOM Furniture and Abbey Floor coverings! – Special pricing and discounts that you

won't find anywhere else are available to all New Concepts clients and customers. Call Coordinator Lori Madson at 952-224-2663 in order to receive the New Concepts special pricing.

Home Maintenance

Don't know where to turn to when you need a new water heater? Who can handle all those handyman tasks that you have been meaning to get to around your home? You can be assured that when Start To Finish is on the job, it will be done right by experienced, licensed, and insured professionals who care about your home as much as you do.

Mortgage Network

Whether you're refinancing to reduce a high rate adjustable mortgage, preparing to pay the cost of a special assessment, or getting back on your feet from near foreclosure, experience the difference that only MetLife Home Loans can offer. Mortgage Banker Mike Cass doesn't

simply put you into something in order to make a sale. He spends the time to counsel you to see what makes the best sense.

Preferred Realtor Network

Because we are involved with the resale disclosures on every sale at your association, we know who does the best in getting the job done quickly and at top dollar. If you do not have a relationship with an experienced agent, we can help. Discounts are also available on the cost of a re-sale disclosure by going through this program.

Rental Management Services

Your preference was to sell, but your home isn't moving. That new job is calling, and you don't want to walk away from your equity. What do you do? Call New Concepts. We can give you peace of mind knowing your property is being watched closely, and the renters aren't getting you in hot water with the Board or your neighbors. ■