

EUCALYPTUS GROVE HOMEOWNERS ASSOCIATION

INFORMATIONAL MEETING

THURSDAY, FEBRUARY 1ST, 2024 (6:00PM) via Zoom

In Person: Santa Barbara Elks Lodge #613

<https://ucsb.zoom.us/j/95672538616>

Meeting ID: 956 7253 8616; Passcode: 71139

1. CALL BOARD MEETING TO ORDER – CONFIRMATION OF QUORUM

Meeting was called to order at: 6:06pm

Board Members present:

Colin Smith - President
Christine Hall - Vice President
Owen Roth - Treasurer
Tamara Simmons - Secretary
Joe Mora - Member-at-Large

Managers & Employees present:

Bob Bartlein of Bartlein
James Nguyen of Bartlein
Julia Ambat, Scribe

Homeowners present:

28 owners were in attendance with approximately 10 more on zoom.

2. Discussion of the following items which began at the January 18, 2024 Annual Meeting:

a. Responsibilities of Owners vs. Association

Cathy Leyva ,#369, representing the Grove Neighbor to Neighbor Team, addressed the assembly. In addition to distributing a question and answer document to the meeting, Cathy expressed concerns regarding modifications to the CC&Rs pertaining to owner responsibilities. She emphasized the necessity for an opportunity to vote on any proposed amendments to the CC&Rs and she underscored the importance of transparency in the decision-making process. It was brought to our attention by Tami Jauchen, #264, that other owners were unaware of or not involved in the creation of the question and answer document mentioned by Cathy. This prompted inquiries and a desire for clarification from fellow owners. Tami asked about the size of the group and Cathy said the group has 23 members. Tami asked if any were at the meeting, approximately ten people responded they were members.

An owner sought clarification regarding the CC&R issue concerning the distinction between individual owner responsibility and shared responsibility. The owner expressed a desire to understand how this responsibility allocation functioned in the past. In response, Bob explained that in 2017, California enacted new legislation specifying that, unless CC&Rs are explicitly detailed, the association is responsible for maintenance within common areas. Conversely, owners are responsible for addressing issues within their respective units. Currently, the Grove's CC&Rs lack explicit clarification and only contain implicit references on this matter.

Regarding the gas line discussion: an owner inquired about any gas leaks identified by SDG&E since Colin mentioned ongoing checks. Colin responded, indicating that SDG&E conducts semi-annual inspections and had checked one-third of the complex during the latest examination. Specifically, at unit 7638, where a detector probe was employed, no gas leaks were detected, eliminating the need for excavation. The owner questioned whether the gas lines were interconnected, emphasizing that the association should be responsible for the maintenance of gas lines requiring attention. However, the owner noted that closet doors should fall under individual owner responsibility. Colin clarified the installation of gas lines, explaining that they are buried underground, extending from the meter closets into crawl spaces. He identified problematic areas where the lines transition between underground and



above ground. In addition, he referenced minutes from the 90s, revealing historical issues with gas lines constructed from improper materials, contributing to ongoing concerns

Board member Joe Mora shared insights from his ownership of Enviroscaping, discussing the expense of individually digging up gas lines, which amounts to \$3,000 per line. He recommended addressing all gas lines simultaneously to incur a one-time fee of \$3,000. Additionally, Joe noted a fairness concern regarding the number of patio doors, mentioning that while he has three, some owners do not have any, raising questions of equity.

An owner likened the current practice of individual owners repairing gas lines to the "wild west" and expressed strong support for designating gas lines as the association's responsibility. The owner also highlighted the protective role of patio doors for the entire building, regardless of individual ownership. While acknowledging that patio doors may not be a major concern, the owner advocated for oversight on the types of patio doors permitted.

Board member Chris Hall remarked that there is likely a consensus against individual owners repairing gas lines. The pivotal question, as posed by Chris, is whether the board should proactively monitor and schedule replacements or wait until issues arise, subsequently billing the owners for the necessary repairs. Bob Bartlein emphasized that such a shift in approach would necessitate an amendment to the CC&Rs.

An owner concurred with the idea of replacing all gas lines in a building simultaneously at scheduled intervals. Additionally, this owner asserted that utility doors should be the responsibility of individual unit owners, not the association, and recommended moving forward with an amendment to the CC&Rs to reflect this perspective.

An owner inquired about the scope of repairs to gas lines, seeking clarification on whether it encompasses both the external and internal components within the building. Bob Bartlein assured that the internal parts are likely to have a longer lifespan. The owner then sought further clarification on water lines, with Bob explaining the distinction between water lines and drain lines. Drain lines, servicing multiple units, fall under the association's responsibility, while the water line leading to a sink is the owner's responsibility. Reflecting on two decades of residency, the owner highlighted inconsistent decisions regarding patio regulations over the years. Consequently, the owner asserted that responsibility for patio doors should lie with the individual owners. Additionally, the owner shared a past experience involving rats in the walls between units, expressing confusion as the association deemed it her responsibility.

An owner inquired about whether there has been a survey or inspection specifically focused on patio doors, expressing concern about the heightened exposure on the third floor compared to the first floor. The owner sought clarification on whether the board is strategically allocating budget for the doors or if it's more of a general assessment. Bob clarified that the approach was more of a broad-sweep projection rather than a targeted strategic allocation.

Bob discussed the importance of having an HO6 policy for individual condominium unit owners, providing protection against various liabilities. In response to a unit owner's inquiry about the scenario of an explosion from a gas line, Bob explained that, under the current policy, the owner would be responsible for the initial \$10,000 deductible. Subsequently, the association's insurance would come into play, covering damages outside the unit but excluding upgrades. Seeking further clarification, the same owner asked about a situation where an incident occurs outside the building but affects the inside of her unit. Bob clarified that the association would cover damages outside, while the owner would be responsible for any damages within the unit. Another owner inquired about the existence of a code clause, and Craig Nicholson confirmed its presence. This clause implies that insurance would reference the building's original plans in the event of a claim, covering both the initial construction and subsequent code changes. However, there may be limitations to the coverage.



b. Possibly amending the CC&Rs to clarify responsibilities

Cathy conveyed disappointment regarding a change in the law in 2017 that resulted in increases to dues, expressing regret that the complex was not adequately notified of such changes. She emphasized the importance of transparency in such matters, particularly for individuals on fixed incomes who are directly affected by these adjustments.

Board member Owen Roth emphasized the need to revisit the annual meeting discussion regarding amending the CC&Rs for greater specificity. The proposed clarification is to designate gas lines as the association's responsibility while deeming closet doors as the owners' responsibility.

Regarding the amendment of the CCRs, Bob proposed the distribution of a semi-binding ballot containing specific line items, such as whether the association membership desires certain actions or expenditures. For example, questions could include, "Does the association membership want the association to do x? Yes or no? Does the association membership want the association to do y? Yes or no? Does the membership want the association to pay for patio doors? Yes or no?"

Board member Chris sought clarity on the content of the ballot, expressing the desire for it to encompass a comprehensive range of concerns the maintenance plan as described in the document written by James Nguyen in 2012, not limited solely to patio doors. Another member suggested incorporating a proposition ballot with limited space for individuals to express their opinion for or against the proposed options. Bob suggested that proponents of specific positions be responsible for drafting corresponding ballot points. Once advocacy is submitted, opinions will be sorted into similar categories to refine the language, with a deadline for submission by the end of February. A master list will then be distributed to all members for an informally binding vote as to what an Amendment might say.

Craig emphasized a clarification, noting that the legal opinion does not entail changing the CCRs but rather reinterpreting them. This reinterpretation involves determining whether fixtures in common areas, exclusively used by an individual, become the association's responsibility. The key question is whether owners prefer the association to be responsible for these items or if it should remain the individual owner's responsibility.

Craig wished to address the potential liability associated with these decisions, highlighting that certain items covered by CCR amendments could cause damages not necessarily covered by the amendments. According to the interpretation (which is essentially an opinion), the association would now be responsible for the leaks, damages, and repairs, leading to these claims being directed to the HOA insurance. Tami countered by stating that this may not be entirely accurate, as water damage claims currently also go to the association's insurance.

c. Budget

Cathy further called for a thorough review and revision of the 2024 budget, citing confusion surrounding a withdrawal of \$1.5 million dollars from the reserves. She requested a detailed explanation for the budgetary discrepancies, seeking clarity on the matter. Tami also expressed curiosity regarding the absence of supporting details for the \$1.6 million in insurance liabilities mentioned in the Grove Neighbor to Neighbor handout. Cathy provided clarification, explaining that this amount is derived from the gas line incident at 7640, although she acknowledged that the calculation may not be entirely precise.

An owner wanted to share that he disagreed with both the 2023 and 2024 increase in dues.

Another unit owner suggested that the Board consider postponing expenditures on "for fun/nice to



have" amenities such as EV charging stations and the gym in favor of allocating funds towards safety features for the complex. In response, Tamara highlighted the potential profitability of installing EV charging stations, explaining that the \$30,000 investment would result in \$45,000 in incentives, ultimately generating a profit for the complex. Another member reiterated the importance of the Board prioritizing safety concerns, specifically referencing the critical need for attention to gas lines.

Craig Nicholson addressed Colin's mention of the \$4.50 per month per individual for gas lines amortized over 40 years. He explained that every \$10,000 in unbudgeted expenses equates to about \$5 per month in dues since there is no current reserve budgeted for such unforeseen costs. Bob confirmed the absence of a reserve for this purpose at present but emphasized the potential savings for the complex over the long term if a reserve is established. James added that there is a line item for structural plumbing, and historically, the gas lines have fallen under that category.

Another owner expressed the opinion that the recent increase in dues reflects the widespread inflation since COVID, asserting that maintaining stagnant dues for the previous decade was irresponsible.

3. ADJOURNMENT (Next scheduled meeting 2/8/24 @ 6:00 PM via Zoom)

- a. Meeting adjourned at 7:55 pm.

For questions contact:
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