

Beacon Hill Townhomes Condominium
Annual Meeting of Unit Owners
October 30, 2019

Council Treasurer's Statement

It has been a couple years since my last official written statement on the financial affairs of BHTC. Sadly, the majority of the Owners have little interest in our community's affairs other than what their monthly condo fee payment will be for the coming year, so this statement may go unheard by many. This lack of interest or concern is unfortunate, because it is important for Owners to be aware that our Budget and favorable condo fee is contingent on my willingness and capability to continue to serve on Council and oversee our daily operations. Therefore, every year at the Annual Meeting of the Unit Owners I must put the Owners on alert by repeating should I cease performing these duties and no other Council Member assumes the role, we would need to go back to a full service property manager, which would result in a significant increase in the condo fee.

When I volunteered to serve on Council at the October 2014 meeting, I inherited the Budget prepared by the previous Council and Property Manager. The condo fee going into 2015 was \$195. We had a full service management company that was doing a poor job, but yet they had an automatic 3% annual fee increase written into their contract. Consequently, going into 2015 we were looking at an annual expense of \$17,000 for management fees. And that didn't include their excessive office copy and fax charges. Ultimately, if we continued on that path we could today be paying as much as \$19,700 annually in management fees. Fortunately, I was able to terminate that management contract. As I speak with you tonight, our annual fee to Peg Savoia for her financial and administrative services will remain at \$4,000, a savings of \$218 per homeowner compared to what we could be paying. Furthermore, Peg's services, in my opinion, have proven to be more valuable than the services received from our prior full service managers.

But despite where our community is today compare to 2014, I will still hear gossip, complaining and criticism such like I am more concerned with keeping the condo fee low versus taking care of certain maintenance concerns. To that, I ask, what haven't we done that was needed? Paving was done on Overlook Drive when the road began to break up. The repaving of the parking lots will be a big inconvenience for everyone, so it will be done no sooner than when needed. And just because things may not get done at the speed one may wish for, keep in mind there are all sorts of challenges faced when dealing with contractors. Receiving a bid that appears not be competitive, requires another bid. Such was the case with our past tree service contractor. I met with Stein Tree Service recently for our fall trimming and expressed our disappointment in their two prior trimmings in that they were not sufficient insomuch it required trimmings again within two years of each of them, and that this was a big expense to

our community. So because we now needed a more aggressive trimming this year, in addition to cuttings along Overlook and at the back of East Court, Stein's quote came in at \$7,500. No discount was even offered. This didn't sit well with me considering they put us in this position due to their past moderate trimmings. So I contacted another contractor for a bid. Turns out we got more work done at \$3,000 less. The savings equates to almost \$42 per homeowner. Plus, we won't have to get these same trees trimmed again for maybe 4 years versus what was every 2 years.

For the 22 years I have resided at Beacon Hill, a frequent complaint I would hear at meetings and such would be about the grass cutting or something related to landscaping. In my opinion, you are never going to get perfect service for a community of our size and problems. I don't believe the answer is to just keep changing landscapers. And to prove my point, I refer you to our history. Using the spring/summer periods 2011, 2012, 2013 and 2014, our community had three different landscaping companies for those four periods. All the companies were competitively priced to each other, so the change didn't appear to be cost related. So I hope homeowners can acknowledge that our present landscaper (of 5 years now) is no worse than what we have had in the past. In fact, I would say they are better, especially since we are getting more services at a lower price.

Now let's move on to the 2020 Budget. The Budget will have us spending more money than we take in. Our fixed expenses alone exceed the projected condo fee revenue. But with past practices in negotiating favorable contracts, locking in contract rates for 2 years, and not having significant expenditures in tangible expenses (like snow removal and maintenance repairs), we have been able to maintain a surplus of cash that has been carried over year to year. We will draw on this surplus for any budget shortfall in this coming year and years thereafter. But be forewarned, when this surplus is near depletion, the condo fee will go up.

Another concern I carry in the back of my mind that's not a concern for this coming year, but could potentially be a big blow to our future finances, is our insurance policy. As you can see from the 2020 Budget, this is a big number. We had some large increases in the past years due to insurance claims. I had hoped those big increases would be behind us, but unfortunately, in August 2019, we had a 6.4% premium increase of almost \$1,900. And should for any reason our carrier decide to drop us, we know from past attempts it will be very difficult to find another carrier willing to cover us, let alone at a cost close to what we are accustomed to paying. But for now, we are covered and go into 2020 in excellent financial health.

Terri Lacoff
BHTC Council Treasurer