

The West Bluff Hills News

issue #12 (03/01/20)

All back issues of the WBH News, including this one, are available in pdf here <http://www.724network.com/WBH>

So, how did we do?

We believe it is important to review the final income/expense report at the end of every year. We receive a budget at the beginning of every year for what we plan to spend but the owners rarely get the final accounting of what we actually spent. These numbers are not posted on the website and they are not mailed out to the members but they should be available to every homeowner upon request.

If we were the government, we could simply spend whatever we wanted and if we spent more than we brought in, just borrow more money and call it a debt. Homeowner associations can borrow money too but it is a very unwise decision. Association fees will skyrocket, and you will find it more difficult to sell your property once the association is encumbered in liens.

But, we have a “savings account”. It is called our reserve fund. If we overrun our budget for the year, we can tap into the reserves. Unfortunately, the purpose of our reserve fund isn't to pay for budget overruns. It is there for future replacement of capital expense items like new roofs and paint. Taking from the reserve fund to cover budget overruns only increases the burden on future contributors.

So, our questions addressed in this issue are:

1. Did we come in under or over budget for the year (2019)?
2. How did our reserve fund fare? Did we contribute to it what we planned?

The 2019 income and expenses

Income: As long as everyone pays his or her dues, the income will be solid. We expected to bring in \$323,815. but the number was \$333,253. The excess income was from late fees and interest (\$5800), some income from the laundry room etc so our total income for the year was \$9400 more than we expected.

Expenses: If you read [Issue #3](#) you will recall that there were 30 different expense accounts (we called them “buckets”). At the end of the year, some of these buckets had extra money in them and others were short. It's ok to take money from one and put it in another.

We spent more than we took in. We budgeted \$323,815. for the year and spent \$359,583* Subtract those two numbers and you get \$35,768. Wow! But, we

place an asterisk on that number because it appears that money for long term repairs was mistakenly taken from the yearly operating budget rather than our reserve fund. Sounds a bit complicated? Here is what happened.

A huge overrun came in the category #6600 General Repairs and Maintenance. The board planned to spend only \$18,816 for the year in repairs but the bill came in at \$40,437!

Upon closer inspection by our treasurer, it was noted that a very large percentage of that \$40K was billed for “dry rot repair” (actual amount still to be determined). So, the good news is that perhaps \$20K of that expense should have come from our reserve fund. But, in the reserves for that category, “Buildings, interiors” we only have \$11,381. available.

Bottom line, our reserve fund will have to take the hit. At the start of the year, we hoped to contribute \$91,471 to our reserves. How much of that finally gets put in that big bucket still yet remains to be seen. We expect the shortfall to be in the 10’s of thousands of dollars.

This is our last issue

The West Bluff Hills News began with [issue #1](#) when we became aware of a document on parking rules that was very poorly written, and yet, the board approved it. Fortunately, and largely because of our efforts, those rules were never adopted.

From that issue, it became clear that lack of transparency and an informational vacuum existed. Owners (including serving board members) knew little about things like the reserve fund, the budget and how Davis-Sterling laws restricted their powers and abilities. So, The News took on a new mission: To inform and educate our members about the operations of the association.

It was an adventure in learning. Along with our readers, we saw [how an HOA works](#) and, in particular, what are some of the important issues that we face at West Bluff Hills.

We explained [how the budget works](#), what reserve funds are, the nuances of the Davis-Sterling regulations, and how important it is to have owners [serve on the board](#).

Specifically, we examined [association fees over the history of the complex](#) and discovered the [unfair practice](#) of increasing HOA fees by a percentage rather than a set amount.

We looked at the new [Violations and Fine Policy](#) and prepared a report on [crime statistics](#) for Quail Place.

We reviewed the expenses for the last fiscal year and discovered [some serious anomalies in our water consumption](#). All the while, a representative of The News attended every general session board meeting and provided our own unofficial minutes for our readers.

If we graded ourselves on this, we would award high marks, perhaps even an "A" but, we were also hoping to get more owners engaged in association affairs. Sadly, we have to award ourselves a D or F on that. There were a number of indicators on this but the most obvious one was the disappointing turnout of candidates and voters at the last election. Having five candidates for five positions is not really an election but simply a rubber stamp. Getting only 28 owners of 80 to go to the trouble to sign their name and drop a pre-stamped envelope in the mail just to vote was even more discouraging.

We know that there are a few owners who are truly interested in the affairs of the association. We know that some of these members will even go as far as to donate their time and expertise to serve on the board. But, we also see that there is a vast number, who apparently want no involvement at all.

This newsletter was only meant to be a one-year project. Think of it as a showcase of how an association could disseminate information to its members and what an informative HOA newsletter might look like.

When we published the early editions of the newsletter, we received blowback. To this day, it is not even clear if our entire board or property management company supported this endeavor or wanted the transparency that this newsletter brought.

So, we leave you with some final thoughts regarding the affairs of West Bluff Hills.

- Our [CC&Rs](#) are antiquated and need to be re-written. When the day comes that you receive this new document, take time to dig through it and comment. If there is anything you want added or don't like, send off an email to the board. It will take 41 voting owners to pass. This could be the most important thing you can do as a homeowner.
- Our [By-Laws](#) will also be revised. These won't be as important to read but there should be some staggering of board member terms rather than electing five new board members every year. That way we can keep some experience on the board. Again, 41 votes will be required to pass this revision. Both documents above are in draft right now and could be completed by this year if prioritized.
- The meeting minutes are really important. They are the only documents that describe what happens at the meetings. They should be sufficiently detailed and archived. It is our opinion that these minutes be posted

online for easy access by owners. If not, (and if you care), you can request them to be mailed to you.

- It is very important to have owners as board members. If no one runs or we drop below three members then HOA business cannot be conducted. In the worst case, a receiver will be appointed to run the affairs of the association. They charge \$200-\$300 per hour for their services. This will almost guarantee a sizable increase in our budget and assessments.
- Review our [Reserve Fund Study](#) every year. Reserves are one of the most important indicators of a healthy association. Healthy reserves should be in the 70% bracket and higher. At 44.6% funded, we have a long way to go, especially if we must take from the reserves to cover operational shortfalls.
- When the board updates or passes new rules or policies, they must be sent to the owners for a 28-day comment period. Owners are then able to provide input on these documents. Take this responsibility seriously and review and comment, even if it is just to offer your support. If no one commented on the parking rules noted in issue #1, where would we be today?
- Finally, trust your board members to do what is right and necessary for the association. It is called following their fiduciary duty. Remember, these owners volunteered for the board to make things run smoothly so you don't have to. If you don't agree with a decision, speak up. If you want to be more engaged in the affairs of our association, show up at meetings and express your views.

For our newsletter, there was no shortage of stories to tell. In the wings we had at least a dozen ideas to consider from VRBO renting to the pros and cons of owning our washers and dryers to the ramifications of having so many owners who live off site.

We plan to leave our newsletters and associated documents archived on the web. We may or may not add documents to the website as we see fit. It is our hope that these documents will provide operational knowledge for new board members. They should also furnish a snapshot into the 2019 year and provide some valuable historical data (crime, HOA fees, water consumption etc.) for West Bluff Hills.

For those of you who followed us, thank you! It was interesting...

Jack

The latest board meeting was held February 25th at Prescott companies.

Two of the board members attended by teleconference, three in person. Also attending were two representatives from Prescott and two owners.

- The big news: The board voted to terminate the contract with Prescott. They have chosen [Pilot Management](#) to be our new management company. The transition will take place on May 1st.
- Some time was spent discussing financial irregularities including the one covered above (excessive spending in category #6600)
- Some architectural applications were approved.
- Protec, our maintenance company was informed to temporarily cease repairing dry rot and work within the monthly allotment for normal repairs. Canceling the Protec contract and hiring a new company was discussed.
- There is a section of concrete walkway near 6919 that is badly in need of repair. The board is getting bids.
- A State bill, SB323 which covers election rules and dispute resolution was approved by the board.
- More big news: The company that supplies washers and dryers to our complex will be installing two new washers and dryers in the 6921 building. Seems like it took forever but the room should be operational very soon!
- Our website, WestBluffHills.com may be put back online and provide a more user friendly, informative format. As an alternative, it will be forwarded to the new management website.
- Pepper trees located on the East side of the complex near 6909 will be trimmed back.
- During the homeowners forum, an interesting question was asked regarding the regular increases in HOA fees. The question was "When will they end?" We have an [answer for that](#) as a supplement to this issue.

The next regular board meeting will be held on Tuesday, March 24th at The Prescott Companies – 5950 La Place Court, Suite 200 Carlsbad, CA 92008. Executive Session is scheduled to begin at 5:30 p.m. The General Session will follow at 6:00 p.m. All owners are welcome.

Our property manager (until April 30) is Margaret Rios and if you are a WBH owner and need to contact management, call 760-634-4700, or email: customerservice@prescottmgt.com Prescott is a big company so be sure to state that you are a West Bluff Hills homeowner and Margaret is your manager.

Beginning May 1st, direct your correspondence to [Pilot Management](#).

All issues of "The News" are available in pdf for easy viewing and download and can be found here <http://www.724network.com/WBH>

WBH News,
We kept you informed.

Note: The West Bluff Hills News and it's associated email address is independent and is not affiliated with nor sanctioned by the WBH board of directors or the WBH property management company. The editor, Jack Ross, has been an owner at West Bluff Hills since 1981 and has recently served on the board. The purpose of this newsletter is to inform, educate, and provide transparency of issues being discussed by the board of directors. We make every effort to be factual and complete however, errors or omissions may exist. To unsubscribe from this newsletter, hit reply with "unsubscribe" in the subject line.