

## The West Bluff Hills News issue #9 (11/3/19)

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### Money

The words from the Pink Floyd song are resonating:

"Money, it's a gas  
Grab that cash with both hands and make a stash  
New car, caviar, four star daydream  
Think I'll buy me a football team"

Fortunately, budgets generally keep things like that from happening! The purposes of which are to set aside money for certain (budgeted) expenses and withhold spending on non-budgeted and/or frivolous items. But budgets are only projections and can sometimes be off the mark. This seems to be the case for our current 2019 budget.

At the July 30<sup>th</sup> board meeting, we noticed that an Income Statement Report was being discussed by the board. As is our right per Civil Code 5200, we requested a copy of this report. What should have taken two weeks took over two months. The statement we have to report on is the financial state as of August 31<sup>st</sup>. It accounts for the income and expenses for the first eight months of operation.

Recall in [Issue #3](#), we discussed how the budget works. Remember the 30 buckets? Well, as of August 31<sup>st</sup>, we were eight months into our budget and we can now see how full or empty these "buckets" have become.

Our operating budget for the year is \$323,815. As of August 31<sup>st</sup>, the prorated part of this (8 months) would be \$215,877. But, we spent \$237,122. That puts us \$21,245 over budget.

So, this report is an **unofficial** mini-treasurer's report: The financial state of our association eight months in. Where has all the money gone? There are answers for that!

#### **In the Red:**

- 1) The bulk of the excess spending was in the Repair and Maintenance Category. There are seven "buckets" within this category. The entire category is over budget by \$35,046 so far. The biggest expense is "General Repair and Maintenance". It was over budget by a whopping \$21,976. The overrun is most likely because a lot of work had to be done repairing the dry rot that has been neglected on our property for so long.

Lighting supplies was also a big over number at \$4,400. We presently have no definitive answer for this one. Perhaps electrical work to renew the laundry room in 6921.

- 2) Some other expense accounts that were over include plumbing, pool maintenance, management fees (we switched to a new company in April and they charge significantly more), and taxes (that were unaccounted for in the 2019 budget).

**In the Black:**

- 3) Then we have the “buckets” that have more money in them than expected. We can steal from these buckets and move the money around. The biggest extra funds are found in Legal Services, (\$4,918), Janitorial Services (\$3575.), General Administrative (\$3,520), Electricity (\$2,103) and Water use (\$2,191). Again, this is money we allotted to be spent and didn't spend. (as of August 31<sup>st</sup>).

This is not a complete detailed analysis. We are only hitting on the big bucks items, and again, it is unofficial. When everything is all added up, we are still operating over budget by \$21,245.

So, where do we stand today, November 1<sup>st</sup> (two full months later)? We can't answer that question. Maybe our legal bill jumped up. Maybe we used more water in September or October. It is reasonable to say that we likely aren't below budget and perhaps the over budget number is up to \$25K or more by now.

The board is now working on the 2020 budget and there doesn't seem to be a way to reduce the amount of our expenses to a number equal to or less than last year's number. As it is, we may likely have to take some money from our reserve fund, to cover our 2019 budget shortfall. This is not a good thing.

As we reported in [Issue #4](#), our reserves are already low and we are in catch up mode. So far this year (by Aug 31<sup>st</sup>) we have earmarked \$63,027. of our income for reserves. The total for the entire year should be \$91,519. It will be interesting to see how much of that \$91K truly makes it to our reserve fund.

On the bright side, we are fortunate to have a majority of smart, judicious members on our board. They are working hard for you and we notice time after time, they do what they can to save the association money. Some suggested (and expensive) lower priority improvements, like landscape remodeling were abandoned or tabled. When bids looked too excessive, they postponed projects and solicited more bids. (Examples: The 6921 laundry room, and a reseeding project... see details below).

Remember that all decisions for our property are made by a quorum of board members present at a meeting and never by any one individual. Owners, who volunteer to serve on our board and follow their fiduciary duty, are making

decisions in your interest and ultimately in the interest of our property value. Some hard financial decisions always have to be made. Our 2020 budget will be one of them. Please be aware of this and if you see a board member, thank them for their service!

### **The latest board meeting was held October 22nd at Prescott companies.**

Attending were two representatives from Prescott management: Felicia Baker and Margaret Rios. Two board members were physically present and two others attended by teleconference. One member was absent. Also attending were six homeowners. Here are some of the topics discussed.

- The big topic of the evening was hard surface flooring in the upstairs units. Here is how we understand what has happened. (1) Upstairs owner wanted to put in hard surface floor so they filled out an Architectural Application. (2) On this application, you are required to get your neighbors to sign off on the project. Lower unit owner was never approached or never signed off. (3) The application was sent to property management anyway and it was never acted upon nor sent to the board. And (4), there is a clause in our CC&Rs (Sec. 4.02) that states to the effect that after 45 days, if nothing is done with an application, it is considered approved. Two owners of lower units were present at the general session and put up a very good argument (again our opinion) of a failure of the system, and now they are suffering with what one resident states is unbearable noise. The other owner is threatening legal action.
- During the general session, the board discussed the establishment of a flooring policy document to deal with upstairs hard surface flooring. The document concerns among other things materials to be used and means and specifications used to test the noise levels in the lower units. To test these levels, professionals use an industry standard “thumping device” and physically measure noise levels in the lower unit at various frequencies. Also discussed was who would pay for such testing. Stay tuned for the new flooring policy, once approved by the board, it will be sent to the members for a 28 day comment period.
- The laundry room in the 6921 building is going forward! The board wasn’t satisfied with the bid from our maintenance company, Protec (at \$8780) so they requested management to get two more bids. Received were bids from 2) Associa, related to our management company at \$5717 and 3) Emercon Construction who bid \$3805. The board awarded the contract to Emercon.
- Parking and Towing Policy – Yes, there are new parking rules coming our way and from what we gather, they are written professionally and seem

reasonable. The most important (proposed) rule will be to limit each resident to three vehicles max and this assumes one of the vehicles is parked in the garage. If you use your garage for storage, you will only be allowed two vehicles. There are a number of other rules too so we will again have to wait for board approval and the 28 day comment period.

- The board is wrestling with the proposed 2020 budget. It is a challenging assignment! Generally one looks at the expenses of the previous year to formulate the new budget. When over budget, there are really only two options: 1) Cut operating costs and/or 2) Increase the allocation (that means HOA dues). Discussed were HOA fee increases of 5% and 7.5%. But again, these are only proposals and what the final numbers will be are yet to be determined. Remember, your board is doing it's best to maintain the property, continue to fund the reserves and still, keep our HOA fee increases to the lowest possible number.
- Parking lot and driveway asphalt: The board is aware that it is time to renew the asphalt in our parking lot and driveways and has this project listed high priority. This is a big financial commitment and funding will come from our reserves. With bids and everything, it will take some time to complete this work. Hopefully sometime in 2020 we will have a sparkling new parking lot with freshly painted lines. (Note: This was brought up during the budget discussion)
- There is a small area of the property that requires reseeding. Our landscape company, Benchmark, submitted a bid of \$2000 for the work. One of the directors, familiar with reseeding, said the bid was ridiculous and volunteered to perform the labor herself. Thank You!
- The Flock Safety system: It consists of a single camera at each entrance. The cameras take still images of license plates of vehicles entering the property. The cost is \$4000 per year. It was briefly discussed and tabled.

The general session meeting was adjourned at about 9 pm. (3 hours!)

The next board meeting, is tentatively scheduled for Tuesday, November 26 and then another (election meeting) will be held on December 1<sup>st</sup>, both at 6pm.

Location: The Prescott Companies, 5950 La Place Court, Suite 200 Carlsbad, CA 92008. All owners are welcome. (If you plan to attend, **please double check this schedule** with management before attending as the dates may change!)

Our property manager is Margaret Rios and if you are a WBH owner and need to contact management, call 760-634-4700, or email:

[customerservice@prescottmgt.com](mailto: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.

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