

Las Colinas

Condominium Owners' Association

1600 N. Wilmot
Tucson, AZ 85712
520-390-2310

2023 November Special Report

	<u>2023 Budget</u>	<u>Nov. Budget</u>	<u>Nov. Actual</u>
Income:			
Dues,	\$667,000.00	\$ 55,600.00	\$ 57,000.00
Non-dues Reimbursements	<u>\$ 20,000.00</u>	<u>\$ 1,700.00</u>	<u>\$ 3,500.00</u>
Total	\$687,000.00	\$ 57,300.00	\$ 60,500.00
Expense:			
(A) General and Administrative	\$ 12,000.00	\$ 1,000.00	\$ 184.00
(B) Insurance	\$ 105,000.00	\$ 8,800.00	\$ 12,700.00
(C) Common Area Facilities	\$ 70,000.00	\$ 5,800.00	\$ 4,800.00
(D) Utilities	\$ 185,000.00	\$ 15,400.00	\$ 15,100.00
(E) Common Area Maintenance	\$ 110,000.00	\$ 9,200.00	\$ 17,800.00
(F) Common Area Projects	<u>\$ 100,000.00</u>	<u>\$ 8,300.00</u>	<u>\$ 7,100.00</u>
Total	\$582,000.00	\$ 48,500.00	\$ 57,700.00
Reserve:			
Reserve Projects	<u>\$105,000.00</u>	<u>\$ 8,800.00</u>	<u>\$ 2,800.00</u>
Total	\$687,000.00	\$ 57,300.00	\$ 60,500.00

Notes: Looking through the eyes of someone who reads financials for a living, what jumps out?

- 1.) Budget to Actual tracks pretty tight. Their fingers are on the financial pulse. (Except the expected insurance increase.) Over twenty years with the current Board, that is how it has always been.
- 2.) Collecting over 100% of dues, obviously no collection problem here. Again, the Association has been squarely in the black, every year for the last twenty years.
- 3.) Hmm, non-dues reimbursements. What is that? Laundry room money that would have left our property to profit an investor in laundry vending. Instead it stays here. Our quarters turn around and go into improvements for our property. Instead of Transfer Fees and Disclosure Fees profiting an outside property management company, that money goes straight into Las Colinas. The Board made this happen. It is up to almost \$40,000.00 a year now, because we reduced processing fees in 2023.
- 4.) Over budget – for Revenue! This Community is rocking it. Consistent financial performance through every challenge for over 20 years.
- 5.) G&A, Insurance, and Utilities are low relative to similarly situated properties. This Board is managing expenses. Insurance and utilities have gone up everywhere -- to be expected.
- 6.) Money is going into the property. Just where we want to see it go – whether you are an owner, mortgage company, or insurance company. The long term value of the property is the goal.
- 7.) Oops, not enough left over for the future – this Community better be doing a dues increase.

Payments made for the month of November 2023

<u>Code</u>	<u>Date</u>	<u>Check#</u>	<u>Amount</u>	<u>Payee & Purpose</u>
(C)	11/01	xxx456	\$ 1,909.50	Republic Services – Trash
(E)	11/03	xxx457	\$ 200.00	Camerman – Repairs
(E)	11/03	xxx458	\$ 1,023.26	Ace Hardware – Repair supplies
(E)	11/03	xxx459	\$ 5,000.00	Agile Plumbing – Bldg 29 broken hot water line
(E)	11/03	xxx460	\$ 300.00	Camerman – Repairs
(E)	11/03	xxx461	\$ 745.78	Ferguson – Plumbing supplies for Bldg 19 repairs
(E)	11/03	xxx462	\$ 275.00	Northwest Exterminating – Bee removal
(A)	11/03	xxx463	\$ 183.00	Centurylink – Communications
(E)	11/03	xxx464	\$ 187.00	Truly Nolan – Common area pest treatment
(E)	11/05	xxx465	\$ 400.00	Camerman – Repairs
(E)	11/07	xxx466	\$ 300.00	Torres – Grounds
(B)	11/09	xxx467	\$12,685.00	Farmers – Blanket Hazard/D&O/Fidelity policies
(C)	11/17	xxx468	\$ 2,932.04	Economy Pools – Pool repairs
(E)	11/17	xxx469	\$ 400.00	Camerman – Repairs
(E)	11/30	xxx470	\$ 1,488.75	Burlavin Industries – Roof maintenance
(E)	11/30	xxx471	\$ 439.00	Oracle Energy – #29 boiler sensor replacement
(D)	11/30	xxx472	\$ 2,683.00	Southwest Gas – Boilers & dryers
(D)	11/30	xxx473	\$ 2,098.01	Tucson Electric Power – Water pumps, lights
(D)	11/30	xxx474	\$ 10,295.37	City of Tucson – Water, Sewer, Environ.
(E/F)		ACHdebit	\$ 11,020.72	Paychex – Payroll
(E/F)		ACHdebit	\$ 3,139.24	Paychex – Payroll taxes, Workman's Comp.
			\$ 57,704.67	

That is where it all went. Common area maintenance is up in November because it is a good month to do it – the coatings we use can not be applied when it is too hot, or too cold, or too wet for them to apply properly. Administration will increase in December with the mailings. At the November meeting someone actually said, "How do we know that is the amount of the insurance bill?" OK, a copy of the pay-stub for the Insurance payment, and the other big bill, the one for water & sewer, is included on the back of the Notice of Assessment. The numbers are what we said they were. Further, these numbers tell you their story. The numbers say it is crystal clear that to continue to meet our shared obligations under the CC&Rs – the dues must be increased.

The purpose of financials is to provide an understanding of the condition of the entity. Our financial performance has been consistent over two decades. The purpose of the monthly meeting is so the owners can see how we are planning for, and spending, the non-routine items. That is where the discussion and understanding of the Board's financial decisions are designed to be, both by contract and by law. **That is definition of transparency.** We go beyond that, by posting the minutes on our web-site for those who can not attend. And because most of us live here – you can see the water line getting repaired. You know the utilities are getting paid – you are using them. You can get a declaration page from the insurance company when your mortgage company requests it.

We once had a management company who provided lots of detail. It resulted in meetings consumed by petty arguments over the cost of a hammer. Suffice to say, the important issues were ignored, to the deterioration of the property. Our Board has spent 20 years cleaning up after the mess that approach produced. If, as a Community, we want to be here 30 years from now, we have to focus on getting there – or we won't make it. We have complex problems that must be addressed, which the Board continues to address. That is where our attention needs to be.

Choices Have Consequences

We have Board members who are on fixed incomes. If we live long enough, that is where we will all be. This why dues increases are always scary. **But a future, without Las Colinas, is a lot scarier.** Just like with your car there are urgent repairs – like brakes and steering that you have to scramble to pay. Then there is all the regular maintenance – like oil and filter changes, battery replacement. Finally there are routine expenses like insurance and annual tags. If you don't keep up with it – pretty soon you don't have a car anymore. This is the same. Let the maintenance slide on your home, and the day of reckoning comes as well.

We work very hard, every day, to find the best way to spend each dollar. For 14 years we were able to stay in front of it, with revenue creation and cost savings. This latest round of cost increases outstripped us, and everyone else. (Look at where rents went.) If there is a easier, cheaper living solution than Las Colinas, we would like to know about it. Because people have searched locally, nationally, and even internationally, and bought here because they couldn't find a better deal.

Our Board spends thousands of hours in research and studies new methods, new ideas, new products to save us money. We choose contractors and lawyers on the cutting edge of their fields, and we benefit from their innovations. Our Community IS on the cutting edge, and proud of it. There is no miracle fix hiding out there. We have had 8 meetings this year. No one has brought a single new idea to the Board. We have heard old, tired, failed ideas that have lost money here, and everywhere. We have heard shooting from the hip ideas that would cost money, not save it. No one has a magic wand or a crystal ball. It is just hard work, every day, to try to optimize limited resources – to meet infinite needs.

There is a popular holiday movie, *"It is a Wonderful Life"* where someone gets to see what his community would have looked like had he not made the choices he did. A decade ago we were offered a fork in the road. There were people who proposed change then too. Our Community chose overwhelmingly for continuity. It isn't a movie for us, it is reality. We get to look over the fence and see the consequences. Monaco chose that same outside management company, and goal of low dues, that some people wanted to see tried here. Those same choices Las Colinas rejected. A decade later, who looks over the fence with regret? We see a Monaco driven by those choices into bankruptcy, receivership, and over-run with crime. But there is more to the story than that. Let us explore the details that created two such different outcomes.

Our two biggest bills illustrate the Board's approach to managing costs:

Water bill: About a decade ago Monaco shot from the hip, and killed off their grass. That did not prevent their water bill from soaring to \$25,000.00 a month. (We believe we have this information on good authority.) Three months of unpaid water bills created a debt of \$75,000.00. When they could not pay, the City was ready to shut off their water. Bankruptcy. The Scottsdale-based Receiver took control, and kept the water turned on. How do you get to a \$25,000.00 water bill? That is actually easy to do. Their \$25,000.00 bill is comparable to the average use per household in Tucson. Divided by 260 homes in Monaco, it is less than \$100.00/month per family. Ask people who pay their monthly water bill directly what they are spending these days.

The important question is why doesn't Las Colinas have a \$25,000.00 water bill? What did we do differently to pay 40% of what a comparable property, just next door, does? How do you pay only \$40.00 per month, included in your dues, for all the water you use? Who saves you \$60.00 per month – every month? How do they do it? What happens if they stop saving you money – every month? (Hint: see above.)

Just how are we saving 15 thousand dollars a month on water? Remember replacing those toilets? The high efficiency washers in the laundry rooms? How we show up and replace your shower-stems for free? Fix your running toilet? Help with your leaking faucet? How our staff rolls out in the middle of the night to repair broken water lines? It adds up. We keep adding savings. We learned this through our many hours study, including the City of Tucson's Water Smart Program. The work of the Board and staff – pays for four full time staff members with the money they save our Community. But get rid of our staff, and watch the savings drain away, like water into sand. And oh by the way, who shows up to help you with your clogged toilet? (One example of the savings across the property our innovation has provided us. Yes, the work of the Board and staff are subsidizing your dues, everyday. They are saving this money for the betterment of all of us, including you. Undo what they have done, and increase your dues by \$100.00 a month easy. See the difference across the fence – there is your explanation. They went their way. Our way provides the better financial results.)

Insurance bill: Monaco shot from the hip on insurance too. Switched to a 'bargain' insurance company – to save money. (Spoiler alert – it did not play out that way.) When they suffered a 4-unit fire, Monaco sued bargain insurance for not paying the claim. (We do warn you about insurance companies who keep their rates low – by simply not paying claims.) Not surprisingly, the insurance company cancelled Monaco's policy. Oops. First-tier insurance companies won't even quote when there is a lapsed blanket hazard. We have heard their claims history is not so good either. If they can get an insurance at all, it will be at a stiff premium. They thought they were going to save money, but now they are looking at \$20,000.00 monthly premiums, if they can get coverage at all. (We know about this because other HOAs call us to find out what we pay, and then who we use!) Monaco shot from the hip – and hit their own foot. Again. Not smart. Not at all.

We insure at full replacement cost. Construction costs have gone up. Anyone doing house projects has seen every aspect – from supplies to labor – has increased. Therefore, the cost of rebuilding our property increased as well. All the carriers recalculated the replacement cost for their policies. As it cost more to rebuild, that cost is factored into our premium. Just as every one has seen their premiums rise, so did we. Still, even at \$12,700.00, it translates to full a coverage policy for \$50.00/month per unit. Still a good deal – hardly more than your monthly contents policy, is it?

Again, the question is how do we manage our insurance premium, as costs are rising. We use an insurance company that is an exchange – shared risk among the members – no profit component. (Just like our homeowners association.) We can't reduce the amount of coverage – that is dictated by contract, and by mortgage lenders. We could raise the deductible, which we did several years ago, to \$25,000.00. Most importantly, we mitigate damages to keep our claims history low. Getting up in the middle of the night to come to the aid of our neighbors is the compassionate thing to do. But, it is also the financially smart thing to do. For 20 years, Board & staff have been on call and responded nights, weekends, holidays. The pay-off for their sacrifice translates in to savings on our insurance premium.

So, you get rid of the Board and the staff. Who is going to do all the work? Hire a management company, landscaping company, pool company, and laundry servicing company. Remember, we have tried all that. No one answers the phone, the grass is yellow, the pools are green, you are up to your ankles in raw sewage. As a new member of our Community summed it up succinctly, "I'd rather be in the hands of a Community leader, than property management who is about their own bottom line."

Safe. Sustainable. Diverse. We created this. Together. Those of you who fought for this along side us, those who saw what else was out there and bought this, asked for Continuity last year. The Board pledged Continuity. Safety requires vigilance. Sustainability requires financial expertise. Diversity requires all of us having each other's backs, in good times and bad. The Board reiterates its pledge to stand with you. But, we can only do this – because you stand with us. If you choose a different direction – that is your choice.

UTILITY SERVICES STATEMENT



Last Bill	Payments/Credits	Deposits	Adjustments	Balance Forward	Current Charges	Amount Due
\$21,232.10	-\$21,232.10	\$0.00	\$0.00	\$0.00	\$10,295.37	\$10,295.37
Bill Date	Service Period	Due Date				
11/14/23	10/12/23 to 11/13/23	12/04/23				



LAS COLINAS CONDOS
 ACCOUNT NUMBER
 ██████████86
 1600 N WILMOT RD
AMOUNT DUE:
\$10,295.37

 SEWER \$1,635.28 Phone: 520-724-6609	 WATER \$5,960.91 Phone: 520-791-3242	 ENVIRON. SVC. \$5.83 Phone: 520-791-3171
 GREEN STORMWATER \$145.86	 MISCELLANEOUS \$527.49 Breakdown of charges on reverse	



UTILITY SERVICES STATEMENT
 PO BOX 27210
 TUCSON, AZ 85726-7210

Service Period	Due Date	Account Number
10/12/23 to 11/13/23	12/04/23	██████████536
Optional Open Space/Riparian Donation	Amount Due	
<input type="checkbox"/> \$2.00 <input type="checkbox"/> \$5.00 <input type="checkbox"/> \$10.00 <input type="checkbox"/> \$	\$10,295.37	\$

Pay online at: www.tucsonaz.gov/pay-utility-bill
 Pay by phone: 520-791-3242
 Service Address: 1600 N WILMOT RD

Additional information on reverse

Please Make Checks Payable And Remit To

TUA1114A 8110 1 AB 0.537
 7000008578 00.0037.0215 8110/1



LAS COLINAS CONDOS
 1517 N WILMOT RD STE 290
 TUCSON AZ 85712-4410

CITY OF TUCSON UTILITY LOCKBOX
 PO BOX 51040
 LOS ANGELES, CA 90051-5340

000167195000171536000010295378

Payment Stub

Payor Name: LAS COLINAS CONDO

Account Number: ██████████87-001-00001

Amount Due: \$12,685.00

Due Date: November 2, 2023

Amount Enclosed:

Paying by check?

Please make your check payable to Farmers Insurance Exchange, write your account number on it, and mail it to us with this payment stub.

FARMERS INSURANCE EXCHANGE
 P.O. BOX 4665
 CAROL STREAM, IL 60197-4665



The return payment charge for payments not honored by your financial institution will be \$30.00

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