

Highlights from the Condo Board Meeting

January 24, 2008

Treasurer Dave Cathro reported that we hadn't spent the budgeted amounts for both SRP and the ongoing lawsuit, and therefore we would have some surplus funds available.

Director Marlice Fenske reported on the TV saga. She said that the programming would come on line on Friday, and it did. She also told us that there would be some needed adjustments to some of the TVs in the park, in order to pick up the channels. The adjustments will probably mean re-programming the TV with the remote. The surest way to get the job done correctly is to call your grandkids.

General Manager Mary Schmit brought a proposal to implement a 401K program for VO long-term employees. The proposal is to have the park pay for the initial cost of setting the plan into motion. Mary surveyed the employees last summer and found 50% of them would contribute to a 401K without matching contributions from the park. The retention of good employees is a continual problem and Mary and the employees feel it is a benefit to be able to have earnings put into a savings vehicle. The cost to VO is expected to be under \$5000. The proposal was discussed and then passed.

Treasurer Dave Cathro proposed an adjustment to the Special Assessments Receivable Balances. The park has 128 properties that have chosen to pay the special assessment for the Community Center over time as allowed. The proposal states that the assessment must be paid whenever a place is sold. The proposal passed.

An (AD Hoc) committee was set up to develop a short-term plan to enhance the lighting in the park. The short-term committee will report back by March 1st, so the cost can be put into the operating budget for the coming fiscal year. The Committee will also be charged with a long-term plan to be delivered to the Board by December 1, 2008. The Committee will consist of Director Dave DeBarre, Rick Schwab, Ralph Jones and Jerry Small.

There were two variances requested by residents. One was for a washer-dryer installation, which passed, and one for a solid railing on a new residence, which failed.

A recommendation to clarify the front setback of park models was presented. The recommendation reads.

“The front of the park model must be placed so that the intersection of a line drawn from the front of the park model to the non-patio lot line at a right angle thereto will be at least twenty feet (20') from the intersection of the non-patio lot line and the inside of the sidewalk.”

The Board understands that there are lots that will not meet the recommendation and the Board will have to look at each one individually. The recommendation passed.

Director Russ Morfeld presented a recommendation for gutters and downspouts. This is a new rule, which will be added to Section IV-A.

“Standard 5-inch gutters and standard 2x3 inch downspouts are required on all appropriate sides of new Park Models, new Patio Enclosures and new sheds. All downspouts must drain towards the street so that the water does not run onto the adjoining property. If gutters and downspouts are installed on existing structures, they must also meet these requirements.” The recommendation passed.

Director Morfeld also recommended a change to the height limitation from 15 feet to 16 feet. This recommendation will allow the new generation of park models with lofts to enter the park.

“A park model may not exceed a height of sixteen feet (16’) as measured from the original existing pad on which the unit sits. Two story structures or basements are prohibited.” The recommendation passed.

General Manager Mary Schmit made the following report comparing Venture Out and two other parks.

<u>Item Description</u>	<u>VO</u>	<u>Golden Vista</u>	<u>Greenfield Village</u>
Age of Property	38	24	24
# Units	1749	1075	793
# Acres	160	70	64
Total Buildings	22	7	5
Total Employees	49	14	21
Condo fees	471	\$300 *	\$327**

*Del expects this year they will have to increase \$30-\$60 per quarter due to dramatic increase in expenses (Golden Vista)

**Greenfield Village residents vote on every budget, and this year they have a \$30 per quarter increase budgeted

Projected fees?	\$360	\$357	
2008/09			
Reserve fees	50/qtr	40.5/qtr	\$36/qtr
(Out of the above condo fees)			

As far as facilities offered, there were many differences: such as the number of tennis courts, size of pools, number of spas, etc. For my own purposes I will develop a spreadsheet on that at a later date. The following were areas that I determined were major differences between the properties, and most responsible for a difference in Condo Fees.

Bathhouses - Both Golden Vista and Greenfield Village have some satellite bathhouses. There are two at Golden Vista and one at Greenfield over and above the pool bathhouses. Del and Kay said residents do use them but not as much with Arizona rooms with second bathrooms, now being built. They were both of the opinion that these will be mothballed in the near future due to decreased use.

By contrast, Venture Out’s bathhouses are some of the most appreciated features and get heavy use. We determined that VO’s costs for the eight bathhouses, not including the pool bathhouses, are \$126,000 annually for labor and utilities. Water is an unknown factor as it is not metered. We have fixed costs on the bathhouses. As long as all eight are open, it will take a set amount of dollars for utilities, supplies and staff to maintain them.

Security - This is a big factor. We have 24/7 security. Two guards are on at all times. During the season we have an additional person doing radar. With the implementation of the parking stickers, we now have another level of work, and the Security Chief largely handles this. Payroll for Security is \$212,368 before taxes and insurance. We use a factor of 30 % for taxes and insurance costs. (This does not include the Chief's salary, which is under Administration.)

By comparison, Golden Vista has **ONE** night rover who works seven days a week and takes no holidays. Since he never takes a day off, they pay him \$13.25 per hour. The rest of the time the gate is either locked down, or manned by volunteer "greeters."

Greenfield Village has seven **part-time** guards. Two men are on from the hours of 1:00 pm until 9:00 pm during season only. The rest of the time there is only one rover, or no one. If you don't know how to get in, you won't be able to get access to the property.

Recreation - This area was extremely hard to compare. Suffice to say that there is no comparison here between what Venture Out does for activities and these two properties. Both properties have an Activity Director... period. They do not have a full staff as we do at Venture Out. With the lower volume of events at these properties, setup, teardown, and cleanup for events is largely handled by maintenance staff and volunteers. In fact, earlier this season Kay called asking what to do as she was running out of volunteers that would be willing to do this. Teresa told her that Venture Out, many years ago, saw that handwriting on the wall and went to a paid staff. Venture Out also went to a paid staff due to liability. (People were aging and setting up these events is not easy work.)

By contrast, Venture Out on a typical day will have 80 events or gatherings throughout the property. Each one of these events can require planning, cleaning, setup, teardown, food preparation, and/or services needed from the Activity Office to prepare. Ticket sales for these many events reach \$1000 each morning just from the volume of people coming through the Activity Office.

In addition, due to the volume of events, only Venture Out has a weekly newsletter. The others publish once monthly. Also, they do not have the volume of food events and fundraisers, and so they do not have a kitchen manager. There has been a designated Kitchen Manager for many years at Venture Out, Fred Greenaway being the first with that designation, but prior employees such as Kim and Robert Schroeder took on those duties, also without the title. Once Maricopa County required a kitchen license, a full time manager was employed.

To date this season, the Activity Office has booked 3,928 events around the property. All of the events, which are all park-related require setup, teardown and cleanup. After every private party, staff still is required to go in and check to make sure the facility is ready to go for the next event. The Ballroom and Auxiliary Ballroom floors require daily maintenance.

Bottom line: due to the high level of activities at Venture Out, there is a complete department at VO that is not at the other two, comprised of 13 staff members. Six of those staff members are seasonal. The recreation payroll is \$451,808 before taxes and insurance. Once again, add 30% on that figure for taxes and insurance. (The Activity Director salary is not included in this figure; it is under Administration.)

Maintenance - Right off the top, we are double the size of the other properties, with at least double the buildings and facilities. Venture Out is now 38 years old. Greenfield is 24 years old and Golden Vista is 20 years. As these properties age, they will start seeing issues crop up just as VO has.

There are two big factors I think are significant. Neither Greenfield nor Golden Vista will do any work of any kind on a private lot. In an emergency they will go in and shut off the water if there is a leak. Otherwise, it is completely a lot owner's problem. They make sure each lot owner has a caretaker assigned to their unit when they are gone. These caretakers are residents and employees alike, who are on average paid \$15/mo to watch the units during the off season. Any major work would be over and above that fee. By contrast, Venture Out does all the irrigation repair work on all the lots 365 days a year. None of this is charged back to the individual owner. One-third of the work orders generated each year are irrigation leaks. The difference in landscaping between the three parks (Carriage Manor as well) is obvious. If there is no one that is watching your irrigation while you are gone, chances are you won't be planting as much.

Another big factor is **palm trees**.. We have 2900 trees that are trimmed and skinned each year. Golden Vista has 1150, Greenfield has 250. As you know the trees are a big cost every year.

Streets - We have 10 miles of streets, Golden Vista has 5.4 and Greenfield has 3.5.

If I take the four biggest factors: Security, Irrigation Maintenance, Recreation Staff and bathhouses, (all items that the other two do not have, or have only a fraction compared to VO), those costs total as follows:

Bathhouses:	\$126,000
Recreation Staff	\$587,350
Security Staff	\$276,078
Irrigation Staff	\$ 32,448
Irrigation supplies	\$ 4,908*

Total \$1,026,784 divide by 1,749 lot owners = \$589.87 or \$147/per quarter.

*One vendor only, Ewing Irrigation. Home Depot bills not included.

These expenses don't include costs of the palm tree skinning, legal bills and SRP contingency fund in the last year, which would be another additional pop.

There are many other factors to consider such as the age of the property and the expenses that increase with an aging infrastructure, but these areas, I do believe, are the most significant.

Once you come down to these issues, ask yourself: What would you change? What would you eliminate? Clearly the residents enjoy a different level of services here at Venture Out than their sister properties. Should we close the bathhouses? Greatly reduce the quality and quantity of activities? Gate the front entry and eliminate the Security payroll? Stop all irrigation work on private property? Or do we simply recognize that long ago Venture Out established a different service level, has different expectations, and wants to continue to meet those expectations.

— Gary Robbins, *Communications*