



Recap of Meeting April 21, 2011

HOA Members Represented

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| Aldea – The Vistas | Cathedral Canyon #17 |
| Candelwood Villas II | Cathedral Canyon #18 |
| Canyon Shores | Cathedral Springs |
| Cathedral Canyon #1 | Desert Shadows RV Resort |
| Cathedral Canyon #2 | La Pasada |
| Cathedral Canyon #4 | Montage at Mission Hills |
| Cathedral Canyon #5 | Rio del Sol – Las Casitas |
| Cathedral Canyon #8 | Villages at Rio del Sol |

Legal Counsel: Jennifer James, Attorney at Law – Epsten, Grinnell & Howell

Guests Present

Deanna Pressgrove – City of Cathedral City
Valerie Ward – Burrtec
Steve Shuey – Personalized Property Management

Welcome: Al Hallinan, Co-Chair

Treasurer's Report – To be distributed

Guest Speaker – “Cathedral City Programs” Deanna Pressgrove – Environmental Conservation Manager, City of Cathedral City

Deanna began by indicating that HOAs whose members are currently paying for trash collection directly can convert to paying them through their property tax assessments. The HOA should contact her to assist in the conversion.

The City has new programs for “Multi-Family Recycling and Bulky Item Collection” (handout) that applies to HOAs. It is at no cost. The City would provide brochures for the residents and also could provide maps showing designated collection area(s) within the development. They have a very successful “Identity Theft” (handout) program that includes providing periodic free shredding of documents. They also can provide document shred carts, similar to the trash collection containers that have locks only accessible by the shredding company for placement within developments. These are installed in the Senior Center and over 55 communities, but may be provided to HOAs on request. The shredding company empties and shreds the contents on a weekly/monthly schedule for about \$40 per visit.

They have recently updated their “Refuse & Recycling Guide” (handout). She pointed out that the guide must be in both English & Spanish because 55% of the City population is Hispanic.



She distributed envelopes used for the medication "Take Away" program. The plastic envelopes can hold up to about 10 prescription containers with dry or wet contents. They are approved for return by mail by the Post Office. She also distributed a flyer for "Sharps Disposal by Mail" for safe needle disposal. She said that all types of needles may be returned through the program.

She discussed the City's "Water Smart Landscape Grant Program" (handout). It applies to resident's front yards only at this time due to funding limitations. The program will reimburse one half the cost of conversion from turf to desertscape up to \$500 maximum. The objectives are to reduce landfill waste and deterioration of the asphalt in streets from over watering. They will work with HOAs to implement for owners that wish to convert areas in front of their units, but not medians or parkways at this time.

She will provide as many brochures for developments as are requested. Contact her at 760.770.0369 or email dpressgrove@cathedralcity.gov

Guest Speaker – “Recycling – What are the Facts?” Valerie Ward – Director of Community Affairs, Burrtec Waste & Recycling Services

Valerie said that Burrtec produces a flyer "Recycling Tips of the Month" that is used by many HOAs as useful information in their newsletters. Contact her for more information at 760.674.1032, 760.578.6563 mobile or vward@burrtedesert.com

She said that even though Styrofoam containers indicate that they are recyclable – they are not. There is no market for recycled Styrofoam – but they are working on it. Also, cardboard juice cartons cannot be recycled because of the wax on them – it prevents emulsification of the recycling mass. Pizza boxes – need to be free of food waste. Juice foil packets – not recyclable.

She showed a video made by the PBS program "Curiosity Quest" on recycling. It traced the recycling process from unloading the recycling collection trucks through bailing of the products for shipment to buyers.

A truck normally will hold 5-600 homes recyclables and each truck is normally scheduled to service about 1,000 homes per day. At the recycling center the trucks are unloaded using a self contained hydraulic ram. This is done within a large building to prevent wind blown refuse. The materials are first presorted to remove scrap metal and cardboard. This is done by hand by rows of sorters stationed along a long conveyor belt. Then the material is fed over a screening device that allows glass and metal containers to fall through, but continues to move paper down the line.

Glass is further separated by color. There are about 15 to 17 categories of separated products. All except scrap metal and glass are bailed for shipment to



buyers. The paper bails are currently shipped to China (not Washington –as one youngster interviewed during the program believed).

Valerie said that the money collected from the recycle fees goes to the State Department of Conservation that distributes it to local agencies for litter abatement programs.

Guest Speaker – “Budgets – The Process” Steve Shuey – Management Consultant, Personalized Property Management

Steve indicated that he was speaking today as a Management Consultant, not as a representative of the property management company.

The first step in preparing a budget is to examine past expenditures and separate ordinary and routine expenditures vs. extraordinary and unusual expenses.

He provided a cardboard handout that he said should be posted at all budget meetings:

Civil Code Requirements

1366 (a) Except as provided in this section, the association **shall** levy regular and special assessments **sufficient** to perform its **obligations** under the governing documents and this title.

He said that the Civil Code requires associations to have a budget, to use reserves only for reserve expenses. It also requires that special assessments may be made of up to 5% of the gross expenses and to increase regular assessments by no more than 20% per year without a vote of the membership.

He provided a handout “It’s all about Money – Financials and Budgets”. He pointed out important elements of the HOAs financial statements:

Income Statement – look at the total, watch line items.

- Examine each line item for changes.
- Most management companies will provide only an average expected monthly expenditure (1/12 the annual for each line item. This should be sufficient, but you need to be cognizant of cyclical changes and one time expenses.
- The monthly statements should present by line item what you spent last year, what you spent this year, what the budget is and how much of the budget has been spent year to date.
- It is possible to request your management company to provide anticipated line item figures to reflect the historic cyclic expenses, but they will charge you more for doing that.



He went over a sample budget worksheet that contained the previous year budget and estimated actual expenditures, the differences, the proposed budget for next year and a column for notes on justification/logic for differences.

Most HOAs use a modified accrual method of accounting – expenses are cash, income accrual

He recommends a line item for bad debts in this environment. You need to audit each delinquency on a case by case basis. Consider whether the person has assets in California or not, if there was a bankruptcy, if the property has sold. You can always file a claim in Small Claims Court and obtain an abstract of judgment against the delinquent owner. Then that would show up on any credit report they obtain for the next ten years. But, if you lose, there is no other way to try to collect the money.

Community Forum

Sonja Marchand said that there is a Cathedral City Fire Department program for Community Emergency Response Training. If 20 or more community members sign up for the program the Fire Department will provide the training at no cost.

She continued with pointing out several bills currently in the legislature that would be detrimental to HOAs and urged members writing your representative to oppose them:

SB 563 – Prohibits any communications of actions between Board member between meetings. This would eliminate the currently permissible conditions for emergency actions. Steve brought up the fact that it would also make development of an agenda impossible.

SB 561 – How to collect moneys owed; bill would let deadbeats off.

AB 771 – Limits transfer fees charged by management companies. Steve commented that this would result in HOAs paying the non-allowed costs.

Tom Tousignant commented on the updated draft handout of “Vendors Utilized” that he would like to receive input from member HOAs to suggested additions and/or changes soon, so a final new list can be made available at the May meeting.

Handouts – in addition to those mentioned above:

None

Website – <http://hoapresidentscouncil.com> , Click on “Cathedral City”

Next Meeting – Thursday, May 19, 2011 at the Cathedral City – City Hall

Tom Tousignant, Recorder