

Opinion

How do we KNOW, what we DON'T KNOW?

The yearly budget process is underway and PCM, a Financial expert, is presenting the Boards with their analysis of the 2009 Budget. All of the Directors and Residents, non-Financial experts, are invited to listen to the presentations and ask questions about the charges. If the Managing Agent was looking out for our best interest, the only question we should have to ask is, *“Is this the best we can do?”* The budget process would be concluded and we would save the Mutual thousands of dollars in staff hours by not needing them for the budget presentations.

Why doesn't that work? Because, PCM expects the Directors and Residents to find the cost savings at the budget meetings. If there are any cost reductions, it appears that we have the responsibility to find them. If none are found, PCM is praised for their work in preparing a “Zero Based” budget.

It all boils down to the universal question; *“How do we know what we don't know?”*

The only way to solve that problem is for the Mutuals to hire a qualified independent party to understand our entire cost system and then review it with the owners. Communication with the owners would be this person's primary responsibility and would not be a one-time process, but an ongoing review of the needs and desires of owners as opposed to those of PCM.

In the past we have had Operational/Managerial Reviews and these have been very superficial and did result in savings. Not all suggestions by the consulting firm were incorporated and, as in the

budget process, it was PCM vs the Directors, where the knowledge of the Directors is no match for the “experts.”

“Are we getting the most for our Money?”

PCM says “YES!”

However, review of those costs that we only learned of last year, i.e., Credit Cards, Employee Expense Reimbursements, and Incentive Plan, would beg the question, “How many more costs are there that we are not aware of?”

Who's looking for those unknown costs? A few residents, with every possible obstruction thrown in their way by the Boards and PCM are all that we have to look forward to.

Observing the PCM panic on the possibility of people becoming aware of information, resulting in an excess of Closed Board Meetings, restriction of Resident access to the second floor of the Administration Building, and hesitancy to provide corporate records, you would think there are some *bodies* buried somewhere.

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