

repairs to dry rot, the 2010 Third Board became far more involved in setting the budget for 2011. In essence they put a magnifying glass to the budget being proposed by staff. As treasurer, Kathryn Freshley prepared spreadsheets comparing the current rate of expenditures to the budgets being proposed. While many of staff's newly thought out proposals were accepted, changes were proposed in developing more realistic but tighter budgets.

The strategy behind creating a tight budget is that staff goals are included which challenge them to accomplish the same service levels already in place but achieving those goals using less staff and time, thereby reducing costs. This is a standard and well accepted business practice. In addition, trash disposal costs were tightened by requiring staff to more closely monitor trash pickup schedules to verify that the charges were consistent with the service. Staff cooperated and some financial adjustments in Third's favor were made. The landscape budget was not cut by half a million dollars arbitrarily and without thought, but based on solid evidence from one of the largest landscape firms in the U.S. (one which is used consistently by PCM in their other managed communities). That firm advised what the effort should cost, and Third acted responsibly in developing the budget. Sadly the same responsible thinking did not pervade the new Board majority. By making their intentions known to put up to over a million dollars back into a previously approved budget, what they actually did was say to staff, "No need to try and do better and improve productivity, just keep on doing it the same old way and we'll provide the money, no matter what!"

The difference in how the former Board covered **unanticipated but necessary expenses** and how the present Board is giving staff a blank check should be clear to all. Unanticipated but necessary repairs were paid for out of Reserves, the very reason for building Reserves to begin with. The current Board is simply earmarking money set aside for unanticipated problems before there is any evidence that the money will even be needed.

The Associa Advantage Program

Recently advertised to residents, PCM's new Dallas based owner Associa provides discounts on purchases from Lowe's instead of our next door neighbor Home Depot. We all love discounts and many of us are coupon clippers...some out of habit, some out of need as incomes shrink and prices rise. Be that as it may, is this program really an advantage? Driving over to Lowe's in Aliso Viejo is on our own time, but are the savings worth the expenditures in gas? Are the prices really any better than Home Depot, right next door? **trust...but verify.**

Our purchasing department now under the dictates of Associa is using Lowe's for all purchases required by the community...but do the savings (if they even exist) become a real savings when it takes a truck and one or two staffers making the round trip to pick up whatever purchases are being made?. **trust...but verify**

What about the merchandise stocked in the warehouse? This is merchandise for which we have already paid and it's there waiting for a call for installation be it countertops, sinks, stoves, hot water heaters. What about the toilets with the 2 inch drains when 3 inches are now mandated by code...what is to be done with them? Does anybody know how much outdated merchandise is housed in the warehouse? The warehouse by the way is an allocated cost to the Mutuals, and basically we wonder why the largest share is allocated to Third, when merchandise to be installed when needed in United appears to be the major component of what's in there. Hopefully one or more directors (especially those who trumpet frugality) will begin to ask pointed questions because they too need to adopt the mantra.... **trust...but verify**